START

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

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MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

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PUBLIC ARCHIVES
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CANADA

ROLL

-97-

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

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MEIGHEN PAPERS

Series 5

(M.G. 26, I, Volume 195)

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
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CANADA

124172

Soya Beans

11k

Ottawa, March 30th, 1932.

Dear Mr. Calder,-

I have your letter of the 24th instant. This is the first information I have had on the subject and I can assure you it is one of real interest and importance.

While quite conscience of the damage done by way of governments making loans to any enterprise other than one of a vitally national character, I can promise to consider thoroughly and without delay the suggestion you have made.

Yours truly,

Arthur Meighen.

Rev. A.C. Calder, Esq., M.D.A.,
Parliament Buildings,
Toronto, Ont.

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PUBLIC ARCHIVES
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CANADA

124173 4173

ONTARIO

LEGISLATIVE ASSEMBLY

TORONTO,
March 24,
1 9 3 2.

Dear Senator:-

A very large group of Chatham men have associated themselves with the leading bean growers of Kent County with the idea of promoting a Soya Bean crushing industry at Chatham. They felt that the interests of the project would be best served by forming a co-operative organization of farmers. I need not deal with this angle now but, for my own part, I can say that such an organization would stand a good chance of being assisted by a protective tariff no matter what Party might happen to be in power.

A delegation from Chatham, with myself, waited upon The Honourable Thomas L. Kennedy, Ontario Minister of Agriculture, on the 16th. instant to lay the matter before him and to ask for a loan of $50,000. from the Government to the proposed co-operative organization. We are seeking a similar loan from the Federal Government and a delegation from Chatham arrived in Toronto this morning on their way back from Ottawa where they placed their request before the Prime Minister and the Honourable Robert Weir, Dominion Minister of Agriculture.

I have examined carefully the proposed undertaking. I have also taken the pains to gather, from whatever sources were available to me, the most authoritative information concerning Soya Bean production and Soya Bean oil and meal manufacture. I feel certain that the future of this industry in Canada is assured and that it will mean a very great deal to farmers in those areas where Soya Beans may be grown. The project must have a beginning and that beginning must be well and carefully made. This undertaking is the kind of beginning that I think would go furthest to ensure success. The Chatham people are securing the expert assistance in production and marketing of the Archer-Daniel Midland Company of Minneapolis. This firm are the largest linseed and Soya bean crushers in the United States. They are in touch with every possible market and they have the strongest

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ONTARIO

LEGISLATIVE ASSEMBLY

financial position of any similar concern in America. They own and operate thirteen oil crushing and refining plants and, in addition, they operate and manage quite a number of other business organizations. The plan is to give these people a certain amount per bushel for their expert assistance. The co-operative organization that is planned will sell directly to the consumer.

In order that the farmers of Kent County may make reservations of acreage in time to ensure a crop for this year, it must be known as soon as possible whether or not Federal aid may be looked for. I realize that you are extremely busy but I am sure that your interest in the farmers of Ontario is as great as ever. May I presume to ask you to say a word to Prime Minister Bennett on behalf of these citizens of Kent County who have this undertaking in hand? If you see fit to do this, the word ought to be spoken as soon as it will suit your convenience. Whatever you can do in this connection will be very gratefully appreciated by me.

Respectfully and sincerely yours,

Archibald Wealder.

The Right Honourable Arthur Meighen, P.C., K.C.,
The Senate,
OTTAWA, Ont.

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THE SENATE
CANADA

Dear Mr Meighen,

In my crisis, I still pursue the project!

Will you please read the attached carefully and have one more "go" at Sir George Perley and the Hon H. A. Stewart?

I have been crushed by kindness on this visit and arrived exactly nowhere!

I need this desperately, Mr Meighen.

Kindest regards

"Ted"

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(1) During the first two years of the depression I employed an average of 275 men, who were supporting over 200 families.

(2) In 1931, I invested a further $100,000.00 (with all the employment created for the trades concerned) in my present Montreal enterprise, which has since steadily employed 75 persons, supporting 50 families.

(3) During this period the Government was spending hundreds of millions on unemployment relief, which I was personally helping and continue to help relieve to the abofe extent, not only at no gain to myself but actually with the bitter experience of passing through personal bankruptcy.

(4) I have tried to serve my country in war or peace. Had I run to cover in 1930 or 1931 instead of carrying on, I would now be quite independent but would have transferred to Government the problem of employment relief for this large number of people, at a cost to the Government in cash of several times the total amount of my present project.

(5) If I am to be allowed to continue my fight to win back my considerable equity and to continue the steady employment I am now giving to my 75 operatives, I need this as personal relief, (for which I am admittedly offering fair value) <u>NOW.</u>

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MONTREAL RENTAL PROPOSAL

ATTACHMENTS

1. Location map of premises.

2. Exterior sketch of premises.

3. Blue prints of floor areas.

4. Sectional print showing heights for Broadcasting Studio purposes, as suggested by Canadian Marconi Company.

RENTAL PROPOSAL

1. Description of space.

2. Financial aspects.

SCOTTS RESTAURANT

A local enterprise, started by the Owners of the building in the midst of the depression which, by the expenditure of approximately $ 100,000.00 private capital, provided 9,200 working days in outfitting and equipping and gives permanent employment to a Staff of seventy two, who in turn support two hundred dependents.

1. Organization and Maintainance figures.

2. The sentiments we are trying to emphasise at our prominent location near Canada's main business corner.

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RENTAL PROPOSAL

DESCRIPTION OF PROPERTY

LOCATION - 1184 St. Catherine Street, one block West of Canada's main corner, Peet and St. Catherine.

Three minutes walk from
Windsor Hotel
Mount Royal Hotel
C. P. R. Station.

BUILDING - Completed in 1929-30 - modern-fire-proof construction, highest class throughout.

Rentable area is approached through main building bronze entrance doors on St. Catherine Street, marble trimmed hallway to elevator with twenty four hour service.

Rentable area comprises two floors totaling 9,000 square feet, suitable for Departmental headquarters, Public offices or Private suites, with elevator opening into building hallway or directly into space if desired.

Unique construction, with weights carried wall to wall, gives complete floor areas of over 4,000 square feet without posts or obstructions of any kind, making space adaptable for any purpose or layout.

Ceiling heights, 12 feet clear.

This is the only building in Montreal ideally suited for modern Radio-Broadcasting Studios, as postless construction and possibility of securing 25 feet clear head-room (see blue print attached) would allow for proper scientific sound engineering of Studio space.

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RENTAL PROPOSAL

FINANCIAL

In normal times, space equal to the lower floor is quoted at $ 3.00 per square foot - the upper floor at $ 2.00 per square foot, giving a normal rental return of approximately $22,500. for the available space.

To compensate for immediate occupancy and to ease the burden in initial years when the Government would have large capital outlays for Radio Broadcasting or other equipment, the follow--ing sliding scale terms are suggested, initial years being only a fraction on the return necessary to adequately carry the building,-

October 1, 1932 to April 30, 1933 ------	$ 2,000.00
May 1, 1933 to April 30, 1934 ----------	5,000.00
May 1, 1934 to April 30, 1935 ----------	10,000.00
May 1, 1935 to April 30, 1940 ---------- (Per Annum)	20,000.00

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Memorandum Concerning Scotts Registered.

Scotts Registered, in Organization.

Period of Organization--May 1st., to July 1st., 1931.

Amount of money spent.....	$ 97,448.92	
Amount spent with Montreal firms.....	94,448.92	
Amount spent with other Canadian firms.....	3,000.00	
Amount spent in the United States.....		
Amount of total in wages in the City of Montreal	46,554.26	
Number (estimated) days work supplied Canadian Workmen		9,200 days.

Scotts Registered, in Operation.

Total monthly payroll.....	3,904.79	
Total Permanent Staff.....		72
Permanent Salaried Employees (White Collar).....		7
Permanent Other Employees, including Waitresses.		65
Total Dependent for necessities of life.....		200

Note.

We estimate that our Waitresses receive on the average including tips, about $ 20.00 per week, plus meals.

Average monthly expenditure, paid in Cash, the 15th, of month following.

Electric Light and Gas.....	$ 414.29
Miscellaneous supplies in Montreal.....	1,547.45
Food Purchases in Montreal.....	5,444.49
TOTAL.....	7,406.23

OWNERSHIP

Entirely with,

R.E.Sproule and A.A.MacNaughton.

The Policy of the partners concerning purchases has been:-

To buy only Canadian goods, with Montreal given first choice. To employ, as far as possible, Canadian born help, drawn from our own population. (We think our percentage in this respect is higher than any like establishment in the City.)

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Wording of large signs which appeared in Scotts Window display, St. Catherine Street, together with 5' x 9' map of the Empire, flag draping and picture of H. M. King George, for one month preceding the Imperial Conference.

LONG DAYS AGO

Through the wisdom and devotion

of farseeing men, there came

into being

THE BRITISH EMPIRE

"""""""""""

From the ends of the earth, the Leaders

in our Commonwealth of Nations gather

at Ottawa, there, by that same

valiant spirit, to confederate

the economic life of the

Empire and to prove to

all men that we

are in deed

as in word

BRITISH

65 Years Ago

July First

1867

Through the courage and

foresight of our fathers

there came into being

THE DOMINION OF CANADA

"""""""""""""""""

This goodly heritage is ours. Let

us, with a like courage and

foresight take the

unknown ways glad

that it is our

happy lot

to be

CANADIAN

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Wording of large Christmas Message displayed in Scotts, St. Catherine Street Window, for the month of December, 1931.

SCOTTS

CHRISTMAS MESSAGE

To the many whose patronage has proved our faith, in establishing in this year of Depression 1931, well founded .....Our sincerest thanks.

To those who approach 1932 with misgiving, we say "Remember our heritage!"

The Nation, that in infancy built the C. P. R.----------

that stepped from the cradle, through handicaps of vacant spaces and sparse population, to fifth place in the world exports----------

that enlisted over half a million men, sixty thousand, the very flower of our manhood, giving their lives in sublime faith, for Canada's future----------

That Nation, through the vision of her Leaders and the vigour of her pioneering people, applied to our God given resources, must early emerge to her rightful place in the van of returning prosperity.

And so, as Canadians, we say to all

A MERRY CHRISTMAS
and a
HAPPIER AND MORE PROSPEROUS NEW YEAR.

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MEMBER
NATIONAL RESTAURANT ASSOCIATION

MURRAY'S SANDWICH SHOPS

Fast Service — Yet Unhurried

A leisurely delight—yet as fast as you desire—is a meal at Murray's Sandwich Shops

---

In a moment a quietly efficient service prepares freshly for you the finest

SANDWICH LUNCH
HOT PLATE LUNCH or GRILL LUNCH

you ever tasted.—Then pours coffee or tea, as much as you want, without extra charge. You eat comfortably, restfully. You leave rested, satisfied.

Business girls appreciate the new daintiness of the service—business men, speed and satisfaction—shoppers, its restfulness and utter comfort.

Pleasure is in every meal—morning, noon-day, eventide or after the theatre.

Our Steady Growth and Popularity has been made possible by Serving Food of the First Quality.

Murray's LUNCH LIMITED

HEAD OFFICE - 466 ST. ALEXIS STREET

Murray's SANDWICH SHOPS

962 St. Catherine Street W.
1394 St. Catherine Street W.
2193 St. Catherine Street W.
389 St. James Street W.
457 St. Peter Street
1223 Phillips Square
5661 Park Avenue

Murray's SANDWICH SHOPS

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1. Our building.
2. Dominion Square Bldg.
3. Mount Royal Hotel
4. Sun Life Building.
5. C.N.R. Terminals.
6. C.P.R. Windsor Station
7. Mount Stephen Club
8. United Services Club
9. Mount Royal Club
10. Proposed new theatre (to seat 5,000)
11. Ogilvy's Dept. Store
12. Keefer 11-storey office building
13. Hotel Ford
14. Hotel La Salle
15. Drummond Medical Bldg.

N.B. Montreal Tramways shown thus: ------

LOVELL'S TOURISTS' MAP OF MONTREAL

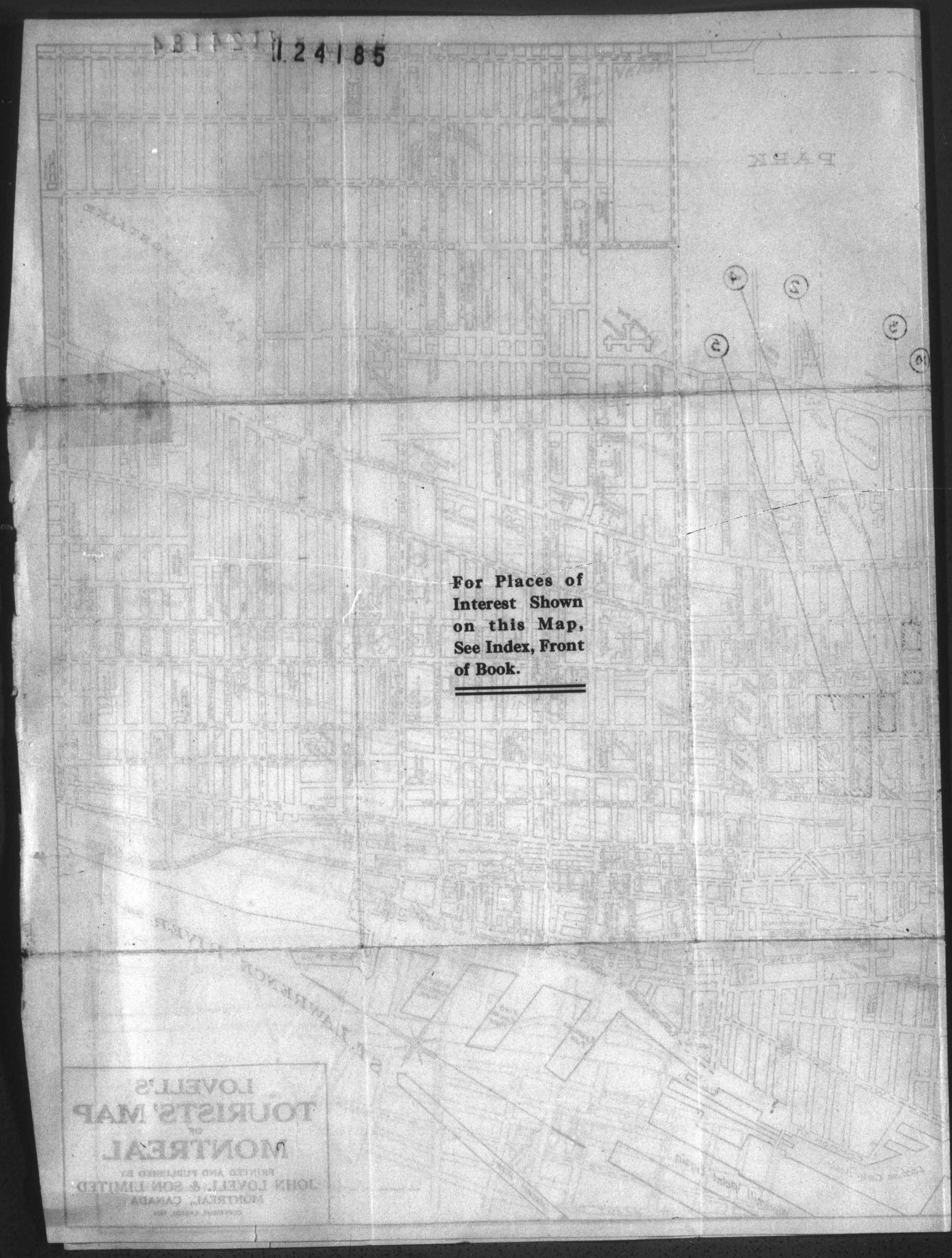
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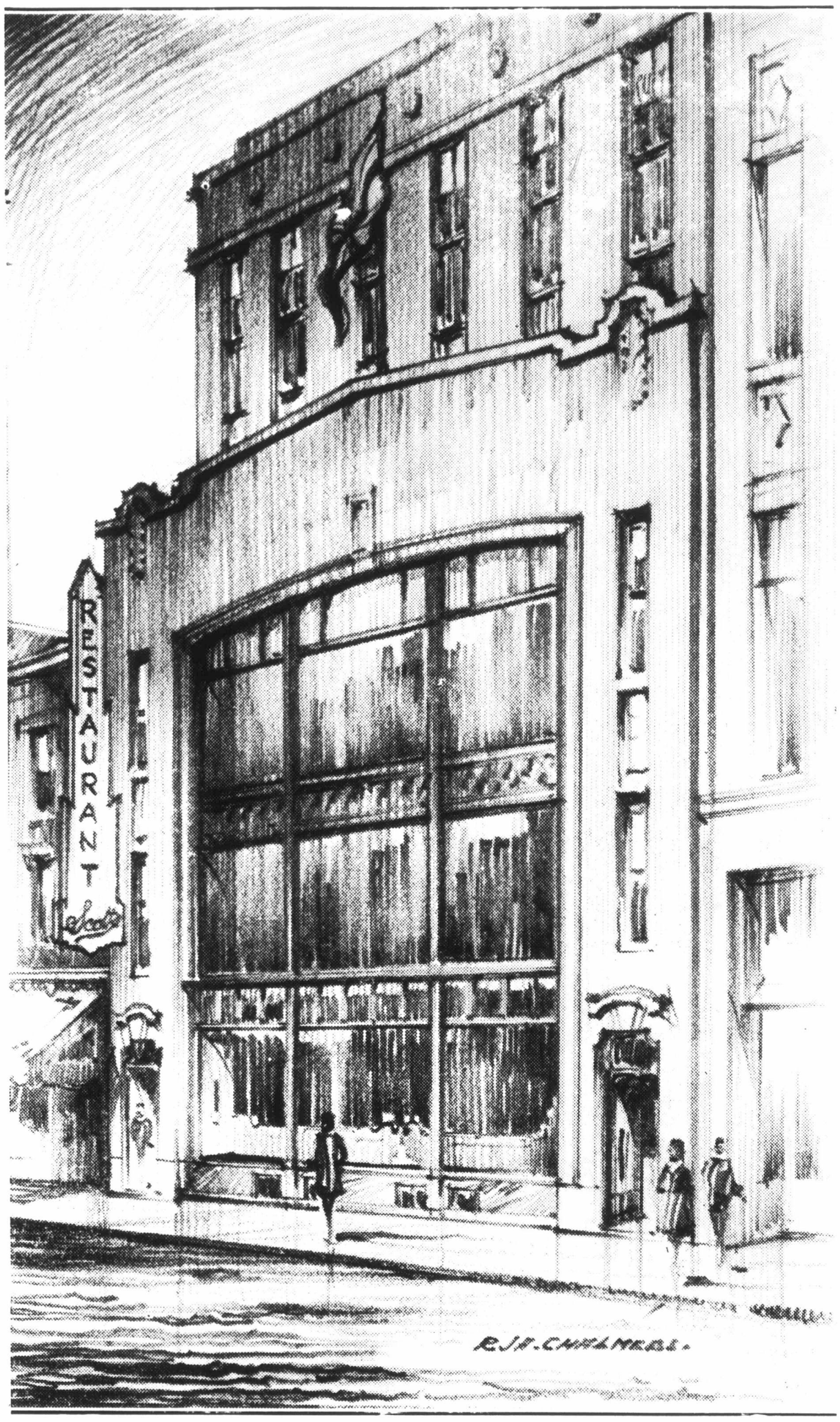
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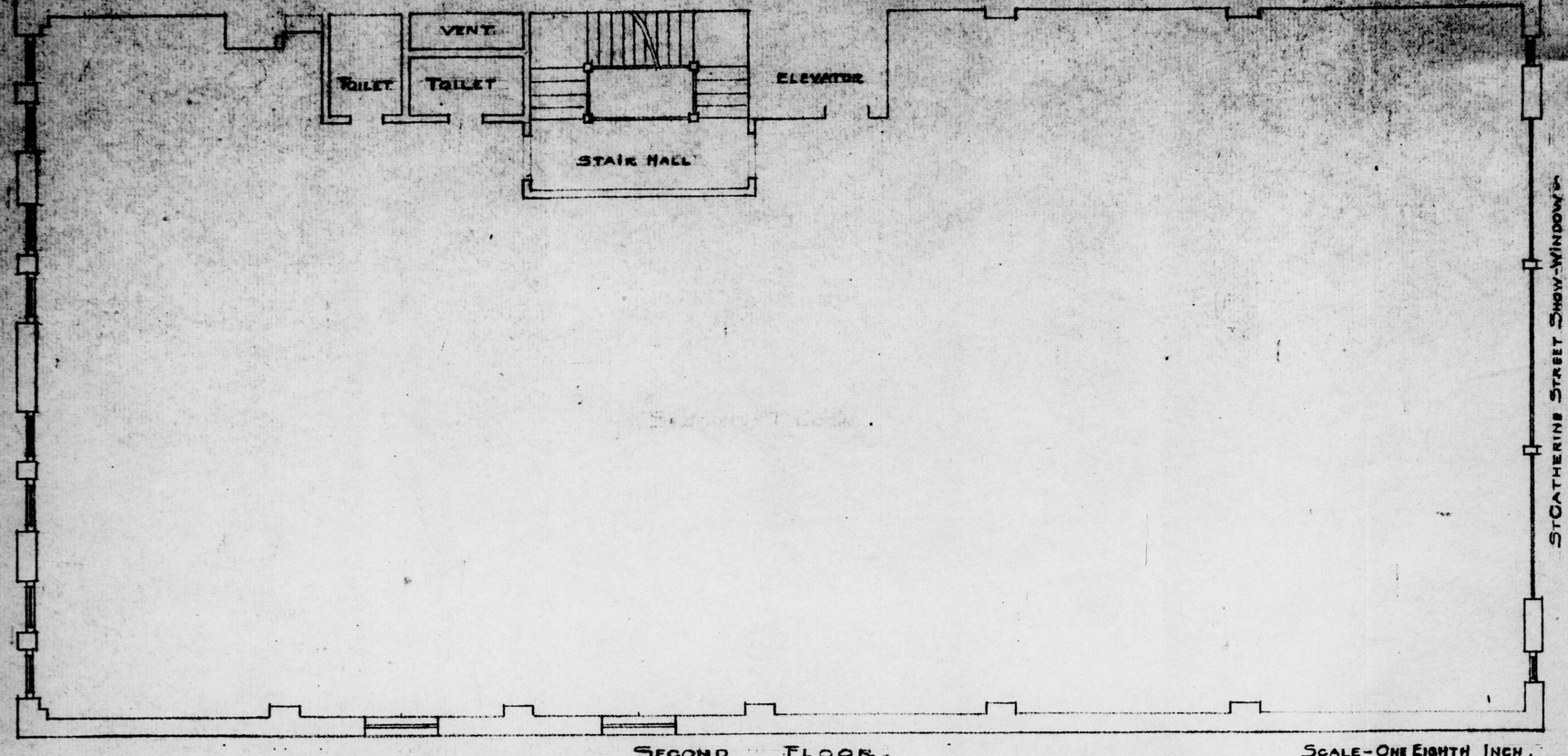
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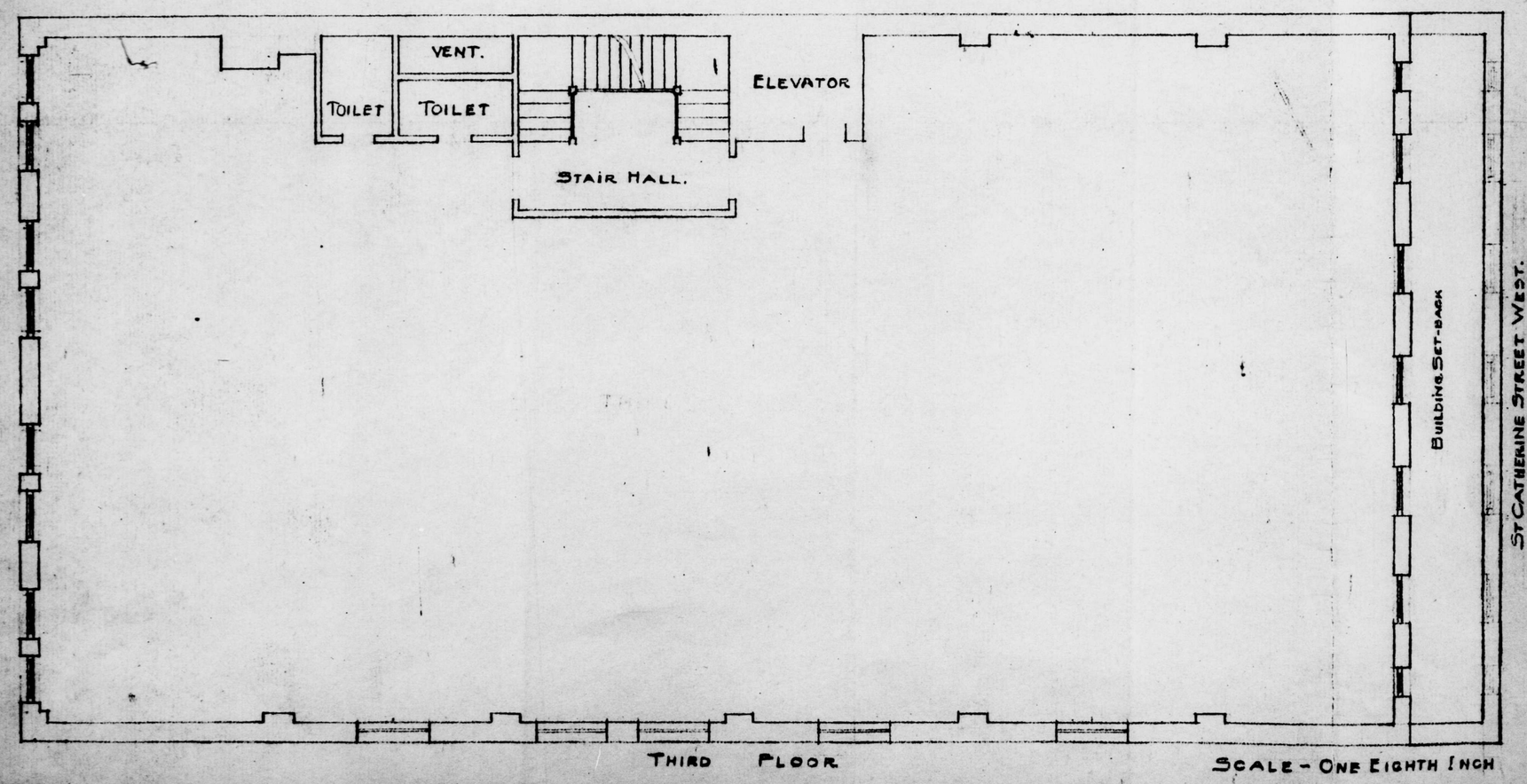
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SECOND FLOOR.

SCALE-ONE EIGHTH INCH.



THIRD FLOOR

SCALE - ONE EIGHTH INCH

VENT

TOILET

TOILET

ELEVATOR

STAIR HALL

45' - 1"

34' 8"

12' 0"

25' 6"

31' 5"

12' 0"

31' 8"

25' 6"

12' 0"

12' 0"

25' 6"

14' 11"

12' 0"

12' 0"

ST CATHERINE ST. SHOW-WINDOW.

FLOOR PLAN

SCHEME 1.
ON PLAN: - - - - -

SHOW-WINDOW

SCHEME 2.
ON PLAN: ——

SHOW-WINDOW.

SCHEME 3.
ON PLAN: ——

SHOW-WINDOW

124189

347 Bay Street,
Toronto, June 13, 1932.

My dear Mr. Sproule:

I have your letter of 10th. Have not been in Ottawa since I left, having exceptional pressure on my time here. Have made a note to advise you when I am to be down next.

Yours very truly,

Arthur Meighen.

Mr. Robert B. Sproule,
1184 St. Catherine St W.,
Montreal, Que.

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CANADA

124190

Toronto

ROBERT E. SPROULE
INVESTMENTS
1184 ST. CATHERINE ST. WEST
MONTREAL
CANADA

June 10, 1932.

The Right Honourable Arthur Meighen, P.C., K.C.
The Senate of Canada,
Ottawa, Canada.

Dear Mr. Meighen,-

I am sorry my efforts to see you in Ottawa, near the close of the Session, came at a time so truly impossible for you.

When up again last week, I was informed by your Secretary of your absence from the City.

There are two matters I wish to discuss in a very brief interview, and would appreciate it greatly if you would be kind enough to have your Secretary drop me a note stating when I might see you in Ottawa, when I shall be glad to make a trip for the purpose.

With kind personal regards.

Sincerely,

Ted. Sproule

Note:

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CANADA

L24190

June 24, 1932.

Mr. Robert E. Sproule,
1184 St. Catherine St. W.,
Montreal, Que.

Dear Mr. Sproule:

With reference to your letter of June 10th enquiring as to the date of Mr. Meighen's next trip to Ottawa, I may say that he expects to be there on Monday next, the 27th inst. As he will be exceedingly busy that day, it is impossible for me to say just what time would be most convenient for him to see you, but if you telephone his Secretary there on Monday morning, an interview could probably be arranged. Mr. Meighen is at present out of the City.

Yours very truly,

E. Secretary to Mr. Meighen.

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Form 6102, replacing Form 2A-T.W.

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Day Letter	
Night Message	
Night Letter	

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Send the following message, subject to the terms on back hereof, which are hereby agreed to

June 27 W 32

Robert E. Sproule, nEsq.,
Montreal, Que.

Your wire. Senator will be in Toronto balance of week.

Private Secretary.

Cg. Senator Meighen,
The Senate.

1125

D 24 1932

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Day Message	
Day Letter	D L
Night Message	N M
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

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PRIVATE SECRETARY RIGHT HON ARTHUR MEIGHEN P C K C

SENATE OTTAWA ONT 101

HAVE JUST RECEIVED LETTER MAILED TORONTO FRIDAY SIGNED EDMONSTON STATING MR MEIGHEN WOULD SEE ME OTTAWA TODAY STOP NATURALLY REGRET IMPOSSIBILITY BEING THERE STOP PLEASE WIRE IF MR MEIGHEN WILL STILL BE OTTAWA TOMORROW TUESDAY IN WHICH CASE I SHALL COME RIGHT UP

ROBERT E SPROULE.

[illegible] 24 1932 63

FORM 6124

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124194

ROBERT E. SPROULE
INVESTMENTS
1184 ST. CATHERINE ST. WEST
MONTREAL
CANADA

September 26, 1932.

Right Honourable Arthur Meighen, P.C., K.C.,
The Senate of Canada,
Ottawa, Canada.

Dear Mr. Meighen,-

I am taking the liberty of writing you very frankly and confidentially concerning my situation here. Knowing something of the great problems you have had to face in your own enterprises, I feel I can count upon your sympathetic interest, and would specially ask that after you read the attached memorandum you discuss the situation confidentially with Mr. Bennett, to see if either of the suggestions in the memorandum could be put into effect.

Frankly, I have reached the end of my tether, having used up all my liquid assets, and any outside support upon which I had a right to call, in carrying my project through the depression. I have approximately $ 250,000. tied up in this property, and unless I get relief between now and November, stand a very good chance of losing it. The rental proposal, if accepted, would allow me to go out and secure financing, or, the sale of my Ottawa property, at a price much less than half that agreed to between the late Angus McLean and the Liberal Government,(see memorandum) would carry my charges for the next year, till I can put my house in order.

Though I have never sought favours of the Government, I have supported the Conservative Party,without a break, since my first vote for the Union Government, in France, and would not now seek Governmental aid if I had not exhausted my personal resources.

I feel that the spending of over $ 100,000. last year, on my Restaurant project was a direct relief measure for unemployment, and when one considers that our seventy two permanent employees support a total of two hundred persons, we have done something, privately, more effective in relieving unemployment, both temporarily and permanently, than many of the ventures into which the Government poured thousands of dollars last year without possible eventual return.

The support I am seeking would give the Government better dollars value than many of their relief projects could ever hope to, and would keep me personally from business calamity and would insure the continuity of our operation here, supporting as it does two hundred dependents.

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I have lived too long in Ottawa and had too many political friends to be persuaded that the support I seek is impossible. I am prepared to do anything within my power, now or later, to show my appreciation of such support.

After you have digested the matter, may I be allowed to come to Ottawa, when I can discuss phases of the situation with you which it would be hard to write, even in a confidential letter.

I assure you that this appeal is being made only after I have made every possible personal retrenchment and sacrifice to save my own situation.

Thanking you for past courtesies, and wishing you continued success in your great public service.

Sincerely,

"Ted" Sproule

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L 24196

347 Bay Street, Toronto,

September 27, 1932.

Dear Mr. Sproule:

I just received yours of 22nd. Have not been in Ottawa all summer. The long illness and subsequent death of Mr. Evans has compelled my constant attendance here, and I am looking after business and nothing else. Will, of course, have to be down and lead the Senate, but this is all I have undertaken to do or can do.

Have thought over very carefully what you have urged, but I am at a loss to know how I can be of any assistance at all. It is a matter wholly for the Militia Department, or if assistance could be given on the ground of unemployment, it would have to come under Hon. W. A. Gordon. I can assure you that one writing from this distance no matter who he is, has not the slightest influence in these matters, as I have reason to know from past experience.

I shall be in Ottawa very shortly, and you might address me there in case you want thematerial with which you supplied me returned, or if you can suggest anything that I can do. The matter would certainly have to be advanced very far with the Departments concerned, or with one of them, before it would be brought up in Council at all.

Yours very truly,

Arthur Meighen.

Mr. Robert E. Sproule,
Montreal, Quebec.

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ARCHIVES PUBLIQUES
CANADA

124197

ROBERT E. SPROULE
INVESTMENTS
1184 ST. CATHERINE ST. WEST
MONTREAL
CANADA

File - Ottawa

October 15, 1932.

Right Honourable Arthur Meighen, P.C., K.C.,
The Senate of Canada,
Ottawa, Canada.

Dear Mr. Meighen,-

I beg to thank you most sincerely for the sympathetic interest exhibited by your letter of October fifth.

As I do not know Mr. Cahan personally, Leslie Bell only slightly and my own member, R. S. White not at all, after carefully noting your suggestions will attempt to start something in that direction.

In the meantime, may I suggest that you retain the momorandum in Ottawa in case I can start anything while it is still of use to me.

Again thanking you, and with kind personal regards.

Sincerely,

Ted Sproule

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Ottawa, October 5th, 1922.

Dear Mr. Sproule,-

I have your letter of the 4th which was awaiting my arrival this morning.

This being a Montreal project, you would certainly have to get the support of the Montreal Minister and as far as possible the Members. I have had experience enough to know that attempted interference from outside, except in support of something which the Members from the district are themselves pressing, is resented and would be hurtful rather than helpful. The initiative must come from the place concerned, through the proper channel, then if I can do anything I will gladly do it.

Yours very truly,

Robert E. Sproule, Esq.,
1184 St. Catherine St. West,
Montreal, Que.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124199

ROBERT E. SPROULE
INVESTMENTS
1184 ST. CATHERINE ST. WEST
MONTREAL
CANADA

October 4, 1932.

Right Honourable Arthur Meighen, P.C., K.C.,
The Senate of Canada,
Ottawa, Canada.

Dear Mr. Meighen,-

I am sincerely appreciative that in the midst of your own problems you have given careful thought to my situation, and am further indebted for the offer, in your last paragraph, to do anything possible in Ottawa.

Regarding the Ottawa property, I mentioned the Militia Department in my file merely to indicate that when there was a definite need, and Mr. McLean and I had definite promises from the then Minister, we were passed over. I do not know of a definite demand for space by any Department at the moment, but I do know that storage in this end of the City will soon be definitely required and would be useful even at present, taking into account that I am offering the whole property at $ 35,000.00 against the $ 85,000.00 we were originally promised by a Liberal Minister.

For precisely the same reason I arranged my rentals on the St. Catherine Street property on a nominal basis for the present, to cover the time till you will unquestionably be looking for space at current rates in this City.

My plea is for some action along either of these two lines, which will save our ship from sinking and, at the same time, continue the support of some two hundred persons dependent on our enterprise here.

When one has reached the last defensive trench, Mr. Meighen, it is hard to be convinced that all Government projects must be on a strictly business basis. Either of my projects would be more valuable right now to the Government than many of the works that have been completed in the last two years under the cloak of unemployment relief, at a cost out of line with all possible return and in which the Federal Government's share has been huge.

I am still hopeful that you may show my memorandum to Mr. Bennett whom I feel certain would, like yourself, do anything possible to assist me personally in surviving this present crisis and in continuing to press forward my enterprises toward still further support of the dependent population.

Again thanking you,

Sincerely yours,

Ted Sproule

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PUBLIC ARCHIVES
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CANADA

124200

ROBERT E. SPROULE
INVESTMENTS
1184 ST. CATHERINE ST. WEST
MONTREAL
CANADA

11 v 8

February 9th., 1935.

Senator the Rt. Hon. Arthur Meighen, P. C.,
The Senate of Canada,
Ottawa, Canada.

Dear Mr. Meighen,-

Confirming our recent interview in Ottawa, I beg to offer my property on Beechwood Ave., in the city of Ottawa, description attached, for rental to the Dominion Government.

The officials of the Department of Public Works, as well as the Honourable the Minister of the Department, know the property quite well.

I could come to Ottawa at any time to discuss the details.

Thanking you for your kindness and hoping that, through your good offices, I may hear further in the matter,

Sincerely,

R E Sproule

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CANADA

124201

Sproule Property, Beechwood Avenue, Ottawa.

Owner, Robert E. Sproule of Montreal.

Location.

Beechwood Avenue, at end of St.Patrick Street.

Area.

3½ acres fenced City property bordering four city streets, large area suitable for outside storage of lumber or heavy equipment.

Building.

Factory type building, 200' x 60', with Sprinkler System, Electric Light, Steam heating equipment from separate boiler-house. Unobstructed light with windows four sides.

Ground floor contains 9,000 square feet of storage space with 3,000 square feet occupied by well-equipped wood-working plant, which can be left if useful or removed if desired giving 12,000 square feet storage on the main floor.

Upper floor contains 3,000 square feet of storage space.

Total floor area is therefore 15,000 square feet.

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CANADA

124202

ROBERT E. SPROULE
INVESTMENTS
1184 ST. CATHERINE ST. WEST
MONTREAL
CANADA

February 10th., 1935.

49

Senator the Rt. Hon. Arthur Meighen, P. C.,
The Senate of Canada,
Ottawa, Canada.

Dear Mr. Meighen,-

I desire to convey, with the official letter you requested and which I trust you will find in order, my deep appreciation of the very friendly reception accorded me.

It is unnecessary to record the facts presented to you in Ottawa though I would be glad to have them known the the Rt. Hon., The Prime Minister if you are discussing the matter with him.

I cannot overemphasize the struggle I have been through and the absolute need I have for assistance with this Ottawa project if it is not to be allowed to jeopardize my other ventures, which are the support of over sixty families and which, during the depression, have supported as many as two hundred families.

If I am needed in Ottawa in connection with this matter, I can come up at any time.

With kindest personal regards,

Sincerely,

"Ted" Sproule

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PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124203

Ottawa, Ontario,
February 14, 1925.

195

Dear Mr. Robinson:

I have your letter of 12th. Ted Sproule was in to see me and I would indeed like to be some help to him. The Minister of Public Works is a pretty hard man to move, but I have kept in mind his representations and now all the more, on receiving this letter from you, will endeavour to help him.

Very sincerely yours,

Mr. H. P. Robinson,
New Brunswick Telephone Co. Ltd.,
Saint John, N. B.

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CANADA

FORM 9018 B 1M 7-34

ADDRESS ALL REPLIES TO THE COMPANY NOT TO INDIVIDUALS

124204

THE NEW BRUNSWICK TELEPHONE COMPANY, LIMITED.

BOARD ROOM

SAINT JOHN, N.B.
CANADA.

February 12, 1935.

Hon. Arthur Meighen,
The Senate,
OTTAWA,
Ont.

Dear Senator:-

Coming down from Ottawa the other day, I met Robert E. Sproule, known to all his friends as, Ted. He told me some of the details of a transaction he is interested in in Ottawa, relative to the sale of some lands, which you were going to help him with.

I do not know all of the details, and I am not interested in the financial end of what Sproule has in view. I am writing this letter as one who has known this young man for many years, and have seen him, through one of the most trying periods which any man of his years and financial position could possibly go through, display a spirit, a courage and a viewpoint, which profoundly affect my feeling towards him. I am familiar enough with his position, as a result of certain difficulties which arose in connection with an estate he is connected with, to realize that he has suffered very severely in a financial sense.

In writing this letter, I am actuated entirely by friendly interest in a young man who I think is deserving of every possible consideration to the very highest degree.

Very truly yours,

H P Robertson

HPR/K

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CANADA

124205

ROBERT E. SPROULE
INVESTMENTS
1184 ST. CATHERINE ST. WEST
MONTREAL
CANADA

1179

February 19th., 1935.

Senator the Rt. Hon. Arthur Meighen, P. C.,
The Senate of Canada,
Ottawa, Canada.

Dear Mr. Meighen,-

I was greatly heartened today to receive a copy of a letter sent by you to our mutual friend, Howard Robinson, in answer to a letter he had apparently been good enough to send you on my behalf.

As indicated to you in Ottawa, this is a vital matter with me and I hope you may be able to put it through as the measure of actual relief it really would be.

Should you think it wise or helpful to do so, I would be glad to have you apprise the Right Honourable the Prime Minister of my situation, as outlined to you, as I am sure, like your good self, he would want to do anything possible to help me.

Thanking you for your kindness,

Sincerely,

Ted Sproule

RES.BS

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CANADA

Ottawa, Ontario,
March 28, 1935.

Dear Mr. Sproule:

I have your letter of 27th. Have to leave tonight but will be able, I am confident, to have a talk with the Minister on this subject again on Tuesday next.

Yours very truly,

Mr. Robert E. Sproule,
1184 St. Catharine St. W.,
Montreal, Que.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124207

ROBERT E. SPROULE
INVESTMENTS
1184 ST. CATHERINE ST. WEST
MONTREAL
CANADA

March 27th., 1935.

Rt. Hon. Arthur Meighen, P. C., K. C.,
The Senate of Canada,
Ottawa, Canada.

Dear Senator Meighen,-

The attached clipping from an Ottawa paper would seem to indicate that the site for the new Records building is still unsettled. You will recall that on Mr. Bennett's telling me that the Experimental farm had been decided upon, I abandoned any idea of an actual sale.

I am, however, sending you under separate cover and without names attached a memorandum of the suggestion made to the Honourable the Minister of Public Works by me in an interview in Ottawa some weeks ago, which I still feel would be a mutually beneficial arrangement.

The situation described to you in Ottawa becomes daily more acute for me. I am not looking for a killing. Is it not possible, in the midst of millions of relief, that some relief can be found for me in my small project??

Thanking you for past kindnesses,

Sincerely,

Ted Sproule

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PUBLIC ARCHIVES
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CANADA

124208

Ottawa, Ontario.
April 3, 1926.

49

Dear Mr. Sproule:

I had a talk with the Minister today. He suggested that you come down and see him at once. I understand action is to be taken very shortly.

Yours very truly,

Mr. Robert H. Sproule,
1184 St. Catherine St. W.,
Montreal, Que.

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CANADA

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T.D. 1M

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NL	NIGHT LETTER
NM	NIGHT TELEGRAM
LCO	DEFERRED
NLT	CABLE LETTER

W. D. NEIL, GENERAL MANAGER OF COMMUNICATIONS, MONTREAL.

STANDARD TIME

CALL LOCAL 299
for MESSENGER
Canadian Pacific Telegraphs
House of Commons.

18WA.Y.10,

S.MONTREAL,Q.,APL. 4 1935 248PM.,

RIGHT HON.ARTHUR MEIGHEN,

SENATE,HU.OTTAWA,ONT.

GRATEFUL THANKS LETTER JUST RECEIVED WILL SEE MINISTER FRIDAY MORNING.

TED SPROULE.

310PM.,

19

C 242209

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PUBLIC ARCHIVES
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CANADA

124210

sproule

April 5th., 1935.

The Honourable H. A. Stewart, M. P.,
Minister of Public Works,
Ottawa, Canada.

Dear Mr. Stewart,-

Further to our conversations and former correspondence, I beg to offer you my property, on Beechwood Avenue in the City of Ottawa, for building purposes, for the sum of Thirty Five Thousand Dollars, ($ 35,000.00).

Attached for your information please find,-

1. Duplicate B. Prints of the property showing measurements and adjacent city streets.

2. Plan of the City, showing the property's location in relation to important present Government Buildings and Departments.

3. Memorandum with description, etc.

I shall be happy to hold myself in readiness to return to Ottawa at any time you may wish to discuss the matter further.

Thanking you for courtesies extended,

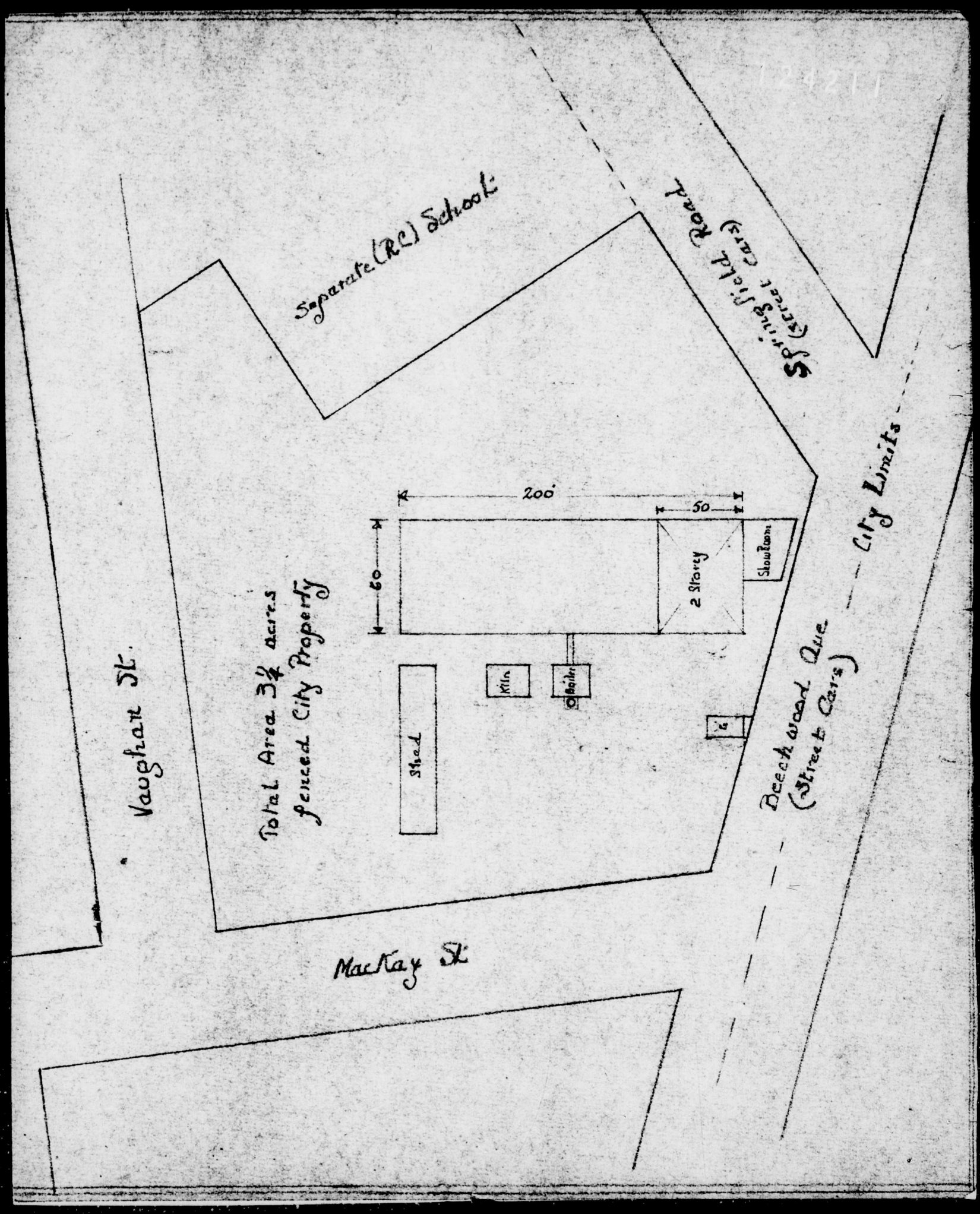
Very truly yours,

(sgd) Ted Sproule

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CANADA

124211



PUBLIC ARCHIVES
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CANADA

124212

OTTAWA PROPERTY PROPOSAL

LOCATION

Beechwood Avenue, McKay Street, Springfield Road, Ottawa.

7 minutes truck drive from Parliament Buildings.
5 minutes truck drive from new Sussex Street Departmental Buildings.
Private (rentable) siding within 100 yards; public siding within five minutes.

AREA

Plot comprises 3¼ acres fenced City property, with all City services.
Street Cars pass front door.

BUILDINGS

Main factory Building, with 15,000 square feet floor space suitable for storage, equipped with Sprinkler System, Steam Heating System, Electric Light.
Boiler Room containing Heating Plant.

Outbuildings, including closed and open storage sheds.

USE:- For out-door storage for heavy materials, equipment, lumber, etc.. For indoor storage, convenient for Departments gradually concentrating on Sussex Street, and to replace storage which must eventually disappear on Wellington Street; adequate space for unlimited additional building.

NOTE

During the regime of Honourable E. M. MacDonald, as Minister of National Defence, I had definite promise of purchase by the Government at a price of $ 85,000.00

Mr. MacDonald actually informed my late Father-in-law, Angus McLean, in his office in the Parliament Buildings, of the item in the estimates in which this was included, invited us to sit in the Gallery during its passing, which we did - yet neither immediately or at any time after was Mr. McLean able to get any satisfactory reason why action was not taken - which formed the foundation of his reasons, strongly backed by me, for forsaking the Liberal party and throwing in his lot and influence with the Conservative party in the Federal arena.

FOR SALE,- .....$ 35,000.00

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CANADA

024213

49

Memorandum re Sproule Property, Ottawa.

Owner, Robert E. Sproule.

Location, Comprising a city block fronting on Beechwood Ave. (see attached map and plan) and bounded by McKay Street, Vaughan Street and Springfield Rd.

Within ten minutes trucking distance of all main Departmental buildings and five minutes from the Statistics Dept, the National Research and the Printing Bureau.

Area, 3½ acres fenced city property with city services.

Condition, 3 acres now vacant allowing for immediate start of building operations at present low costs and as a relief for unemployment.

This ample area would take care of expansion needs when further storage units required in future.

Surroundings, This is a suitable location for low-cost, efficient, day-light type of building with good light and air on all sides and no established architectural style necessary to copy, in this vicinity.

It is a good low-cost home area suitable for the employees of such a building within easy reach of their work.

Buildings, The present factory type building, with 15,000 square feet floor area, sprinkler system, steam heat, etc., could, if desired, remain to be used for equipment or furniture storage, etc.

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CANADA

124214

April 5th., 1930.

Right Honourable Sir George H. Perley, P. C.,
Acting Prime Minister of Canada,
House of Commons, Ottawa.

Dear Sir George,-

I have today made a formal offer of my Ottawa property to the Honourable, The Minister of Public Works, as a site for a projected public building.

My very good friend, Dr. J. S. McKay, promised to discuss this with you on my behalf but as he is now South, I do not know whether he had an opportunity to do so.

The Right Honourable Arthur Meighen is very close to my personal story and to the political history associated with this property during the life-time of my late Father-in-law, Mr. Angus McLean, and I would count it a great personal favour if you would discuss the situation with him before coming to any decision.

Thanking you for past courtesies,

Very truly yours,

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CANADA

124215

ROBERT E. SPROULE
INVESTMENTS
1184 ST. CATHERINE ST. WEST
MONTREAL
CANADA

June 3rd., 1935.

Rt. Hon. Arthur Meighen, P. C., K. C.,
The Senate of Canada,
Ottawa, Canada.

Dear Senator Meighen,-

Please do not take time from your busy days to even acknowledge this!

It is sent forward just as a reminder that as the Session draws to a close, some action will be undoubtedly taken on the Ottawa Records Building and I am hoping that it may be such as will bring much needed relief to me.

Since last seeing you, I have talked at length with Sir George Perley and have also been assured by the Hon. R. B. Hanson of his friendly interest. I am of the opinion that if the Hon. Mr. Stewart, who has also been most friendly on all occasions, brings the matter to Council, with your good support and that of the gentlemen indicated, it should succeed.

I have not dared, under existing conditions, to mention the matter to Mr. Bennett, but if you think it wise, I would certainly appreciate it.

With kind personal regards,

Sincerely,

Ted.

RES.BS

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

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CANADA

124216

Ottawa,
June 13, 1925.

49

Dear Mr. Sproule:

I spent some time with the Minister of Public Works tonight and have come away rather discouraged. Am afraid if there is anything done at all in the way of this building it is going up on property the Government already owns. I presume this is the proper course, but it does seem disappointing. However, I am not even sure that anything is going up.

Very sorry I cannot write you a more favourable reply.

Yours very truly,

Mr. ~~T. H.~~ R. J. Sproule,
Montreal, Que.

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PUBLIC ARCHIVES
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CANADA

Matt acted spl terms
for himself, & which proposn
from a stockholder
& his settlement
excellent.

Mr Mr present at
meeting.

Mr Ryan
116

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CANADA

124218

Gardiner Wardrop and Co.

MEMBERS TORONTO STOCK EXCHANGE

P. R. GARDINER
JOHN A. WARDROP

INVESTMENT BANKERS

226 BAY ST.
TORONTO 2

TELEPHONES
ELGIN 6223-4-5-6

November 23rd, 1932.

Dear Mr.Meighen:

Mr.Hayden has forwarded me a letter received from the Department of the Secretary of State, in regard to the Atlantic Sugar Refineries Limited, petitioning for surrender of the charter of the old Company. Also enclosed is a letter of protest signed by Mr. C. V. Mott, asking the Department not to permit the surrender of the Charter to go through in the usual way.

I doubt if you will be able to understand Mr.Mott's letter. It is a conglomeration of mistatements and the conclusions he arrives at have no basis or foundation in fact.

Very truly yours,

P. R. Gardiner

PRG/C.

Senator Arthur Meighen,
c/o Canadian General Securities,
National Building,
Bay Street,
Toronto, 2.

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124219

COPY

(Coat of Arms)

Department of the Sevretary of State

of Canada.

R:AD

Ottawa, November 21st 1932.

Gentlemen:

I have the honour to acknowledge the receipt of your letter of the 18th instant, covering petition for the surrender of the charter of ATLANTIC SUGAR REFINERIES LIMITED, incorporated on the 26th November, 1912. Before proceeding with the details of the scrutiny of the petition submitted, I have to point out that on the 16th instant, there was received in the Department a protest against the proposed surrender of the charter of this company. Copy of this protest is enclosed herewith. I should appreciate your comments in the premises, in order that I may communicate them to Mr. C. V. Mott.

I have the honour to be,

Gentlemen,

Your obedient servant,

"Thomas Mulvey"

Under Secretary of State.

Encls.

Messrs. McCarthy & McCarthy,
Barristers, etc.,
Canada Life Building,
Toronto, 2. Ont.

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PUBLIC ARCHIVES
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CANADA

124220

Telephone Queen 67.

AUSTIN M. LATCHFORD, B.A., LL.M. (Toronto)
BARRISTER
Supreme Court, Departmental and Parliamentary Agent,
46 Elgin Street,
Ottawa,
Canada.

November 15th 1932.

The Secretary of State
Companies Branch,
Parliament Buildings,
Ottawa, Ont.

Dear Sir:

I am a holder of 7% Cumulative Convertible shares in Atlantic Sugar Refineries Limited, which Company has now before your office an application for surrender of its charter.

If the application for surrender of charter is allowed to go through in the usual course in order to carry out a scheme of sale arranged by and between Atlantic Sugar Refineries Limited and General Sugar Refineries Limited, my interest as a preferred shareholder in the Atlantic Company will be gravely prejudiced and harmed and I would ask that consent to the surrender be withheld until my objections have been considered by the Company and the Department. The 1931 balance sheet of the Atlantic Company is as follows;

-Assets-	1931.
Plant etc.....	$2,193,528
Goodwill.....	.....
Cash.....	28,200
Int. bear. dep.....	675,000
Call loans.....	500,000
Accounts res.....	211,428
Inventories.....	710,418
Prepaid.....	3,960
xInvest.....	1,820,673
Total.....	$6,143,211

x-- Including serial gold bonds and general mortgage sinking fund gold bonds of the company purchased.

-Liabilities-

1st. mort. bonds.....	70,000
Gen.M.Bonds.....	3,551,246
Pref. stock.....	1,111,100
Common stock.....	1,089,951

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Exch. res.....	100,000
Accst. pay.....	220,913
Reserves.....	.....
Total.....	$6,143,211

Working capital position as follows:

	1931	1930
Curr. assets	$3,949,682	$3,461,751
Curr liabs.	220,913	380,021
Work. cap.	3,728,769	3,081,730

You will note from this that the investment assets amount to $1,820,673.00 and that there are further interest bearing deposits of $675,000.00, call loans of $500,000.00, and accounts receivable of $211,428.00, that there is no entry for good will($3,000,000.00 having been written off between 1930 and 1931) and that the quick assets amount to nearly $3,000,000.00. The investment accounts includes purchases of the company's bonds.

The liabilities exclusive of preferred and common stock are mainly $70,000.00 in first mortgage bonds of the Company and some three and one half millions of general mortgage bonds payable in 1941, many of which are held in the Company's intestment account.

A scheme has been devised by which the General Sugar Refineries Limited purchases all the assets, good will, etc. for 11,111 "A" preference shares of $100.00 par value, $911,102.00 of 10 year 5% debenture stock, authorized but not issued.

The holders of preferred stock in the Atlantic Company are to be given share for share of the"A" preference shares in General Sugar Refineries Limited together with $82.00 of the $911,102.00 10 year 5% debenture stock per share, and the holders of the common stock of the Atlantic Company are to receive $30.00 per share.

The balance sheet of General Sugar Refineries as of May 25th 1932 is as follows:

ASSETS

"Interest bearing Deposits with
Bank and Trust Company.....$4,000,000.00

LIABILITIES

5% debentures -- $911,102.
Authorized but not issued.

Capital --
11,111 shares A. 7% Cumulative Preference

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CANADA

shares $100. each, redeemable at
105. Authorized but not issued.

40,000 shares B. $7. Non_Cumulative
Preference shares of No Par Value
redeemable at 100.....$3,840,000.00

160,000 Common shares of No Par Value..... 160,000.00

$4,000,000.00

This scheme on the surface appears to give to the present holders of preferred stock in the Atlantic Company full protection, but as the full consideration for the purchase amounts only to the "A" preferred shares, the debenture stock, and cash in the sum of $2,366,670.00 or a total of some $4,000,00.00, for which the purchaser receives a Company with assets of some $6,000,000.00, subject only to a small sum in first mortgage bonds and an alleged amount of three and one half millions in outstanding general mortgage bonds (many of which are now held by the Atlantic Company in its investment account at market prices), it would seem that concrete assets according to the last balance sheet of some $5,000,000.00 are being transferred for a cash turnover of slightly over two and one half millions.

It does not seem to me that, in view of the splendid situation of the Company's affairs during the last two years a scheme of this nature should be sanctioned by the Crown.

It is merely an attempt to deprive the present preferred shareholders of their first charge upon the properties of the Atlantic Company for dividends by handing them 10 year debenture stock which is not secured by a charge upon the physical assets of the Company. The scheme involving the issue of this debenture stock deprives the present holders of the preferred stock in Atlantic not only of their preferred charge for arrears of dividends on the assets of the Company, but limits their revenue to 5% thereon.

In addition the 40,000 "A" preference shares carry a 7% dividend -- an outlay of $280,000 per year or 17% on the $1,633,330 of actual new capital invested under the new scheme. This seems too much to pay for the amount available especially where the 1931 balance sheet shows a working capital of $3,728,769. The new scheme provides for the issue of 160,000 shares of common no par value stock dividend disbursements on which during the 10 year debenture period would prejudice gravely the position of holders of preferred stock and debentures.

The working capital under the new shceme is increased by but $1,633,330, a little better than one years profits, and 17% is too great a price to pay for this addition.

Wise and proper management of the Company would not require this manipulation of the Company's assets at the expense of the shareholders.

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CANADA

124223

It will be alleged that the necessity for new capital arises from the promised payment of $400,000 per year to sinking fund for the purpose of retiring the 5% general mortgage bonds. As there are at least $1,200,000 of these bonds in the investment account, these will take care of this sinking fund balance by a mere transfer on the Company's books so that this necessity does not arise for at least 3 years.

Yours very truly,

(Signed) C. V. Mott

C. V. MOTT.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124124 - A

OTTAWA, 28 November, 1932.

Dear Mr. Meighen,

I have seen the State Department with respect to the protest of C.V.Mott against the surrender of charter of the Atlantic Sugar Refineries, Ltd.

The Department is satisfied that Mott has not a leg to stand on in so far as his protest is concerned. They feel obliged, however, to follow the usual Departmental practice in allowing him an opportunity to establish his claim. If in a week he has not done so, and they do not see how he possibly can, it is the intention of the Department to inform him that the petition for surrender will be granted.

Yours faithfully,

The Right Honourable Arthur Meighen, P.C.,

347 Bay Street,

Toronto, Ontario.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124225

March 11th 1933.

Inspector of Income Tax,
Income Tax Department,
City.

Dear Sir:

Attention Mr. Marcel J. Staiger

Following our discussion with you this morning, we are setting out below the grounds in support of our claim that the Debenture Stock issued by the Atlantic Sugar Refineries Limited (1932) and delivered to Atlantic Sugar Refineries Limited (1912), as part of the purchase price, is not and cannot be considered taxable as Income in the hands of the Shareholders of the Old Company to whom it was distributed. In considering whether this Debenture Stock is taxable as Income in the hands of the Shareholders of Atlantic Sugar Refineries Limited (1912) you must have regard first to what is Income under the Income War Tax Act.

Our first point is that this Debenture Stock is not Income and cannot be considered as Income because there was no surplus in the hands of the old Company at the time of the sale of its Assets and subsequent distribution of the proceeds of the sale. According to the Financial Statements which have been furnished to you containing Statement of Assets & Liabilities as well as Profit & Loss Account for the years 1926 to 1932 inclusive Atlantic Sugar Refineries Limited, Old Company, at the close of its operations in June 1932 and after giving full effect to the various reserves set up, had a

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deficit of some $589,336.65. Without giving effect to these Reserves which we feel the Company is not obliged to credit against this Deficit the deficit in June 1932 amounted to $1,719,121.35. In the face of this Capital impairment it would be impossible for the Company in June 1932 to be brought within the Provisions of Section 19 of the Income War Tax Act because it could not be said to have had on hand at that time undistributed income earned in the taxation period 1930 and subsequent periods.

It might be well to direct attention here to the fact that the Financial Statements above referred to differ from the Financial Statements of the Company on file with your Department covering this same period and an explanation is necessary in order to clarify the situation. As of December 31st 1925, Atlantic Sugar Refineries Limited (1912) had a deficit of $3,760,342.57 and the amount of this deficit will appear in the statement of the Company filed with you for the 1925 Fiscal Year. In 1926 the Company reorganized and rearranged its capital structure changing the par value of its common shares to no par value and providing for the creation and the issue of an additional 30,000 shares of no par value Common Stock which it was undertaken would be sold at no more than $25. a share. Supplementary Letters Patent were issued confirming this reorganization which was done under a Scheme of Arrangement. There is no where provided in the Supplementary Letters Patent a reduction of Capital so that the Capital of the Company after the grant of Supplementary Letters Patent

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consisted of the par value of the Preferred Stock out-standing plus the total amount paid for the Common Stock of the Company prior to 1926, plus the amount realized from the sale of the 30,000 Shares no par value Common Stock at $25.00 per share. The Directors, however, in 1926 acting as they must have been on a mistaken assumption that the reduction in Capital had been effected by Resolution applied the sum of $3,666,675., rePresenting $75.00 a share on 48,889 shares Common Stock formerly of the par value of $100. per share against the Deficit appearing in the Profit & Loss Account of the Company. In succeeding years the benefit of the application of these monies to the Deficit in the Profit & Loss Account has been extended and the result is the Statements on file in your Department will show a surplus as a result of the Company's operations of the last few years. As you will appreciate, a reduction of Capital can only be effected under the Provisions of the Companies Act of Canada by Supplementary Letters Patent. No such reduction having been made we have caused to be re-written the Financial Statements of the Company from 1926 down to 1932, writing back the amount of $3,666,675., which by Resolution of the Directors was applied against this Deficit of the Company in 1926.

Secondly, the offer to purchase as well as the Scheme of Arrangement in which form the said offer to purchase was submitted by the Directors of the said Atlantic Sugar Refineries Limited (1912) to the Shareholders shows that this Debenture Stock was not issued to the Preferred Shareholders of the old Company on account of their accumulated arrears of

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Dividend. The Agreement for Sale following the approval of this Scheme of Arrangement and the subsequent sanction by the Court and confirmation by the Department of the Secretary of State at Ottawa by the issue of Supplementary Letters Patent supports this same view.

The debenture stock form part of the consideration payable to the old Company for all its assets, undertaking and goodwill. The manner of distribution of the total consideration was dictated by the terms of the Offer to Purchase and accepted by the preferred and common shareholders of the Old Company by unanimous approval of the scheme of arrangement in which form this proposal was submitted to the shareholders. As a result, the total consideration being this Debenture Stock and the Preferred Stock of the New Company and cash was turned over to the Old Company in exchange for all its Assets and at the beginning of July 1932 in place of the Assets which the Old Company formerly had it was in possession of $2,366,670. in cash and Debenture Stock of the New Company in the amount of $911,102., and Preferred Stock in the New Company of the par value of $1,111,100. These were the total Assets of the Old Company at that time. The Capital Liability of the Old Company then amounted to $4,430,290., represented by 11,111 Preferred Shares outstanding par value of $100. per share, and 78,889 Shares of Common Stock, no par value, in respect of which the Company have received $3,319,190.33. It is clear then that the Assets which the Old Company, after the completion of the Sale, had in its possession were not

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sufficient to satisfy in full this Capital Liability and repay its Shareholders the monies advanced on Capital Account. By reason of this fact it is submitted that the actual manner of the distribution of the cash and other considerations making up the Assets of the Old Company at this time is of no moment from the point of view of determining Income Tax.

At the same time it should be noted that the manner of distribution of these assets of the Old Company was in reality a compromise between the Preferred and Common Shareholders. The Common shareholder on the one hand agreed to give up a part of the capital to which he was entitled in order that the transaction might be completed, accepting a smaller amount than the total capital liability on the said common shares for present payment. The preferred shareholder on the other hand waived his rights to prior payment in cash of capital, and accumulated unpaid dividends. All this was accomplished through the Scheme of Arrangement above referred to. But in any case this Scheme of Arrangement approving and accepting the offer to purchase all the assets, undertaking and goodwill of the old Company, determined a manner of distribution of capital assets acceptable to both classes of Shareholders.

Thirdly, the term of the offer to purchase was that the Old Company should, after the completion of the sale wind up its affairs and surrender its Charter. When this offer was submitted to the Shareholders in the form of a Scheme of Arrangement and approved by them the necessary Resolution for winding up and distributing Assets and surrendering its Charter

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was unanimously passed by the Shareholders of the old Company. It is well established of course that on the winding up of the Company and the distribution of its Assets no distinction can be made as for instance labelling some of the Assets "Income" and other Assets "Capital". For purposes of the winding up and distribution they are all in one category of Assets of the Company. It was this very fact that brought Section 19 of the Income War Tax Act into existence so as to provide that notwithstanding the fact that the distribution of Assets was being made on the winding up of the Company certain assets might for purposes of Income Tax be considered dividend and therefore taxable. It would appear that Section 19 is the only provision in the Income War Tax Act that could possibly be held of any application to this case. Distribution of Assets by the Old Company cannot be considered as to any part thereof as Income, unless it comes within the scope of Section 19. There was in this case, however, among the assets of the Old Company no undistributed Income earned in the taxation period of 1930 and subsequent periods. The Company had an actual deficit in June 1932 as appears from the revised statements of assets and liabilities and Profit and Loss for period 1926-1932 forwarded to your Inspector. In any event the total consideration received on the sale of the assets of the Old Company was not sufficient to take care in full of the Capital Liability of the Company at that time, consequently the distribution of this consideration among its shareholders cannot be considered as to any part thereof the payment of dividend.

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The test to be applied to determine whether or not there is in the hands of the preferred shareholders of the old Company any taxable income is this - Could the Old Company, either immediately before or after thesale of its assets, undertaking and goodwill, have legally declared and paid a dividend on its preferred stock? Having regard to the deficit then existing no such payment would have been legal. It cannot be said then that on the winding-up of this Company there was on hand undistributed income earned in the taxation period 1930, and subsequent periods. There was no income capable of being distributed and undistributed at that time, and therefore section 19 of the Income War Tax Act has no application. The 5% debenture stock of the new company formed part of the assets of the old Company immediately prior to distribution. For the reasons above cited it was not and cannot be considered to be income in the hands of the holders thereof.

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OTTAWA, March 14, 1928.

Dear Mr. Hayden:

Re Atlantic Sugar Refineries

I have your letter of 13th which I have read with care.

This is a subject on which I have had very little experience. Consequently since receipt of your letter it has been somewhat of a puzzle to me as to just what steps I should take or can take. Am afraid my knowledge of the subject is not such as would enable me to re-enforce the arguments which you have already presented. At the same time I want to do anything in my power, particularly as I am very anxious for fair treatment of Mr. Gardiner.

I have decided to speak to Mr. Fraser Elliott and indicate how I feel on the question. Perhaps later I may be able to be of more service.

Yours very truly,

Arthur Meighen.

Mr. Salter A. Hayden,
McCarthy & McCarthy,
Toronto, Ontario.

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McCARTHY & McCARTHY
BARRISTERS, SOLICITORS, ETC.

Leighton McCarthy, K.C. Frank McCarthy, K.C.
H. A. Harrison W. J. Beattie W. R. West
S. A. Hayden W. C. Terry A. Bissett
F. B. Matthews

TELEPHONE ELGIN 4127
CABLE ADDRESS: CARTAN, TORONTO

CANADA LIFE BUILDING
40 UNIVERSITY AVENUE
TORONTO 2 CANADA

March 13th 1933.

Personal

Dear Mr. Meighen:

re Atlantic Sugar Refineries Ltd.

You will recall on Monday evening, March 6th, I was able to have a few minutes discussion with you at the Station before your train left for Ottawa, and I mentioned the purpose for which I was going to Montreal that night, namely, that the Income Tax Inspector who was going through the books of Atlantic Sugar Refineries Limited, old Company, had raised certain questions with reference to the Five Percent. Debenture Stock of the new Company being taxable income in the hands of the shareholders of the old Company.

On Tuesday I spent several hours with this Inspector (his name is Mr. Staiger), and I found at the beginning of this discussion he had two fixed notions in his head, one that approximately $254,000.00 of the cash consideration paid to the common shareholders of the old Company was taxable income, being surplus over and above return of capital. In order to arrive at this figure it was necessary for the Inspector to find that the 35,000 shares of common stock of Atlantic Sugar Refineries Limited originally issued

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at $100.00 a share was bonus stock and had been issued without any consideration whatsoever. In fact, as appeared from the records of the Company, as well as the information furnished to the Income Tax Department at the time these shares were issued in consideration of the transfer of land now occupied by the Refinery in St. Johns, and also the transfer to the Company of franchises and leases and goodwill from the earlier Company. There was a valuation of the land in 1920 showing the then value to be about $500,000.00. The Company for the last fourteen or fifteen years has carried the land among its assets at a value of $750.000.00. The actual savings by way of tax exemptions under the franchises transferred to the old Company, as well as the capitalized value of the leases and the savings affected thereby, amounted to $680,000.00, yet it was with the greatest difficulty that I finally succeeded in getting the Inspector to agree that there was consideration for the issue of the 35,000 common shares, at least to the extent of the value of the land and the franchises and leases, omitting entirely any question of goodwill which the Company as a matter of fact subsequently wrote off.

Once any value was given to the assets transferred as consideration for the issue of 35,000 common shares, then the question of any surplus in the hands of the common shareholders out of the cash consideration paid to them in

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July last year disappeared and the Inspector indicated finally that he proposed reporting in such a way as to disclose that the cash paid to the common shareholders did not exceed the capital liability of the Company to its common shareholders at that time.

On the second question, however, he proved adamant. He stated it to be his view that the Five Percent. Debenture Stock distributed by the old Company to its preferred shareholders on the winding-up was income in the hands of the preferred shareholders, and further that it was income within the general definition of income under The Income War Tax Act. He agreed that section 19 of The Income War Tax Act did not apply. This section, you will recall, reads as follows:

> "On the winding-up, discontinuance or re-organization of the business of any incorporated Company, the distribution in any form of the property of the Company, shall be deemed to be the payment of a dividend to the extent that the Company has on hand undistributed income earned in the taxation period 1930 and sub-sequent periods".

The above section was enacted no doubt to meet the decision in the case Inland Revenue Commissioners v. Burrell (1924) 2 K.B. page 52. In that case on the winding up of a limited Company the undivided profits of past years,and of the year in which the winding-up occurred , were distributed among the shareholders of whom the Respondent was one. It was held that super tax was

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not payable on the undivided profits as income, because in the winding-up they had ceased to be profits and were assets only.

It appears to me, therefore, that on the winding-up of this Company, pursuant to the resolution of the Shareholders passed at the Special General Meeting held in June of last year, no distinction can be made as between capital and profits or income, but everything in the hands of the Company for distribution on the winding-up could be characterized only, in the light of this authority, as assets. It would appear to follow logically, therefore, that the only section of the Income War Tax Act applicable to this case would be section 19. Frankly I cannot appreciate the position taken by the Inspector that the distribution of this Five Percent. Debenture Stock on the winding-up was in the nature of income within the general meaning of income under The Income War Tax Act.

Once this position is established, the sole question to be determined is: Did the old Company have on hand at the time of distribution of its property on the winding up, undistributed income earned in the taxation period of 1930 and subsequent periods?

I think it is clear from an examination of the financial statements of the Company from 1926 down to 1932, that the Company did not have on hand any undistributed income earned in the taxation period 1930 and subsequent

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periods. The Company in fact in June of 1932 had a deficit. It had not succeeded in wiping out the total amount of the deficit which existed as of December 31st, 1925.

In this connection you will recall the situation as it existed in 1926. At that time the Company by a scheme of arrangement confirmed by the issue of Supplementary Letters Patent converted its outstanding common shares, 48,889 in number of the par value of $100.00 each, into an equal number of shares without nominal or par value, and created an additional 30,000 shares without nominal or par value, which were to be issued at a price not exceeding $25.00 a share. The Supplementary Letters Patent did not provide for a reduction of capital.

Subsequently, the Directors proceeded on the basis that a reduction in capital had been effected, and by Resolution of the Board the share capital liability in respect of the 48,889 common shares issued at $100.00 was written down to a value of $25.00 a share, and the money thus left available amounting to $3,666,675.00 was applied against the deficit appearing in the profit and loss account of the 31st of December, 1925.

This action of the Directors, of coutse, could not effectively over-ride the expressed provisions of The Companies Act which provides the only method by which a reduction in capital can be effected, namely by Supplementary Letters Patent.

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Accordingly, we have caused to be prepared, and there is now in the hands of the Inspector in Montreal, a revised statement of assets and liabilities and profit and loss account for the period 1926 to 1932, writing back this sum which was improperly applied against the deficit in 1926.

The Inspector appeared to be so fixed in his views that I finally suggested that no good purpose could apparently be accomplished by any further discussion and I asked him if he would not, in making his report at Ottawa incorporate a statement of our position in reference to this Five Percent. stock, and he said he would, and for the purpose of getting our views clearly stated for consideration by the Department at Ottawa, he agreed, on my suggestion, that I should prepare a statement of our position and furnish it to him. This I have done, and I am enclosing herewith a copy of the statement which I prepared.

It might be in our best interest to approach Mr. Elliott and discuss this matter with him in a preliminary way at any rate before the Inspector's report gets to Ottawa.

I discussed this whole matter with Mr. Gardiner on Saturday, when he attempted to reach you by telephone for the purpose of conferring. However, you were out of town and his suggestion was that I should furnish you with a memorandum on the subject so that if you had the opportunity and felt that this was the proper time to approach the

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Department you would be informed with reference to the subject matter and able to discuss these various phases.

Yours very truly,

Hartley A Hayden

Right Honourable Arthur Meighen,
National Building,
Toronto, 2.

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ATLANTIC SUGAR REFINERIES, LIMITED

MONTREAL

OFFICE OF THE PRESIDENT

March 27th
19 33

Right Honourable Arthur Meighen,
Leader of the Senate,
The Senate,
Ottawa, Ont.

Dear Mr. Meighen:-

I am distressed to hear reports from sources which are not easily dismissed that the just recently imposed Excise Tax of two cents a pound upon sugar is to be modified by providing for the remission of one half of this tax upon domestic beet sugar. The inevitable serious consequences of such action impel me to beg your consideration of the following submission.

Our Canadian Sugar Industry in all its ramifications is but part and parcel of the World's Sugar Industry and as such is inevitably involved in every action and reaction. At the present time sugar, like every other commodity, is suffering from a deplorable lack of balance between consumption and production. In the case of sugar this has been accumulating through the last several years to the great distress of producing interests throughout the World. During these last several years the situation has not failed of recognition and various attempts have been made to correct the over-production which was embarrassing the industry. These attempts finally culminated in May 1931 in the so-called Chadbourne Plan by which the principal exporting countries, both cane and beet, bound themselves to certain definite restrictive measures intended to recreate a balance between the World's supplies of sugar and the World's needs thereof. As a result of these measures the Cuban Sugar Crop has been

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reduced from one of over five million tons to one of two million tons; that of Java from three million tons to one million three hundred thousand tons in the crop shortly to be reaped. At the same time the exporting Continental European beet countries have so reduced their crops as practically to confine themselves to domestic operations. Yet notwithstanding this the World's visible stocks of sugar are double those previously found under normal conditions and the price structure for exporting countries is cut in half. This recital is intended to convey, as briefly as possible, a picture of the situation in which our Canadian Industry is contained.

Any stimulus given to the Canadian Beet Sugar Industry must to the extent of that stimulation add to the quantities of sugar extant or available in the World and must by that very process contradict the objective benefit. Then is induced a vicious cycle of added aids to excite fresh expansion. There is no possible means of separating Canada from the World at large. The various Continental European States multiplied by the Versailles Treaty have undertaken to do so by building tariff barriers behind which greatly to increase their beet sugar production but the inescapable result has been to bring down the price structure in the open market necessitating the further raising of the Tariffs thereby increasing the relative cost of sugar to their own consumers and by the same process reducing consumption. Whatever be done here to produce added quantities of sugar can not escape this consequence.

Viewing the matter as a domestic problem in no wise relieves it of embarrassment. Canada is already provided with facilities far in excess of her capacity to utilize. The Sugar Refiners of Canada are unable to operate at greater than 50% capacity and any reduction in their present rate of operations must add substantially to their costs. Moreover their ability to purchase Empire Sugars will be correspondingly reduced with the natural influences upon trade and transportation. It is apparent that any increase in Canadian Beet Sugar production can be only at the expense of the Canadian Cane Refiners and the British Cane Producers. It is not a development that simultaneously provides and develops a market. As in the World's affairs so it must be within our Canadian confines, namely: the very influence of the stimulus will injure the price structure in contradiction to the intent.

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If it be claimed that no expansion of the domestic beet sugar industry be intended nor desired it would appear that no assistance is required either to preserve or to protect those presently engaged in this pursuit. The facts are these:-

BEET SUGAR PRODUCED IN CANADA

1928	29,000 Long Tons
1929	31,000 " "
1930	39,000 " "
1931	48,000 " "
1932	58,000 " "

Let it be noted that in an era of falling prices the Canadian Beet Sugar production has not failed to expand. Two years ago the Canadian Beet Sugar Industry sought Governmental assistance. At that time the production of Canadian Beet Sugar stood at 90,000,000 pounds per annum. At that time the price of refined sugar in Canada was on a basis of $4.90. The total production of Canadian Beet Sugar for the crop just completed is 130,000,000 pounds, and the base price for Canadian Refined Sugar today is $4.40 per 100 pounds. It no where appears that the presently operating beet sugar factories and the growers of sugar beets attached thereto have reason for a special and singular consideration.

It must be remembered that the Beet Sugar Industry enjoys as it has enjoyed a protection accorded by the Tariff and that in addition thereto it has the added protection of those freight rates which the peculiar conditions of our Canadian situation impose upon the Cane Sugar Refiners. Present prices paid for sugar beets by the factories to the growers are necessarily substantially lower than those prices which were formerly paid when the price of sugar was higher than it is today. Nevertheless the price for sugar beets today represents a substantial and attractive premium over that of any other farm commodity.

If we desire to look at the facts of overexpansion within the beet sugar industry itself we need not go beyond the situation discovered in Michigan which is sufficiently closely related to Ontario to provide us with a reliable example. There are in Michigan some 16 beet sugar factories. In the crop of 1931-32 of these factories but 4 operated and these by Receivers or Creditors. It is true that in the campaign just closed 11 of

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of these Michigan factories operated but largely upon a derelict basis and with the results of such operations not yet disclosed.

We most earnestly and anxiously bespeak your careful and considerate reflection that evil dislocation may be avoided.

Very sincerely yours,

Lewis Pendenstrickers

PRESIDENT

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124244 1/2 A

Ottawa, March 28, 1933.

Rt. Hon. Arthur Meighen,
The Senate,
Ottawa, Ont.

Dear Mr. Meighen: Re Atlantic Sugar

Mr. Turnbull and myself have had what we feel confident is an entirely reassuring interview with the Minister of Finance. In addition thereto we have at his request dealt with the Deputy Minister of Finance and also Mr. Nauman of the Department of Excise. In these later meetings we have dealt with various matters affecting the intended application of the Sugar excise tax, and while by no means conclusive, feel that we have contributed some assistance in relieving the matter of those confusions which were unintentionally introduced by the phrasing of the Budget. It is our intention to return to Montreal by the evening train, but we shall be available until then at the Chateau in room 588, should you wish to telephone.

In our meeting with the Minister of Finance, I did not present the letter which I had written to you. Mr. Turnbull had dealt with this subject and left his letter both with the Minister and the Deputy Minister.

You may find it of useful purpose yourself to confirm with the Minister of Finance the understanding that there is to be no discrimination of any character whatsoever between cane sugar and beet sugar in the application of the excise tax, and that this is equally applicable to the sugar beet no less than the beet sugar arising therefrom.

With every appreciation of your kindness,

Sincerely yours,

LJS/E. L. J. Seidensticker.

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Atlantic Sugar

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11 2

OTTAWA, March 30, 1933.

Dear Mr. Seidensticker:

I was glad indeed to get your letter of 28th and to know that you had been able to see all the proper people and that you were confident of the result.

Have been hopeful of seeing the Minister myself since, but so far have not done so. Any assistance I can give from time to time in the clarification of this subject will be very gladly given.

Yours very truly,

Mr. L. J. Seidensticker,
Atlantic Sugar Refineries Ltd.,
McGill College Avenue,
Montreal, Que.

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Ottawa, March 28, 1933.

Rt. Hon. Arthur Meighen,
The Senate,
Ottawa, Ont.

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You may find it of useful purpose yourself to confirm with the Minister of Finance the understanding that there is to be no discrimination of any character whatsoever between cane sugar and beet sugar in the application of the excise tax, and that this is equally applicable to the sugar beet no less than the beet sugar arising therefrom.

With every appreciation of your kindness,

Sincerely yours,

L. J. S.

L. J. Seidensticker.

LJS/E.

per Encl.

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McCARTHY & McCARTHY
BARRISTERS, SOLICITORS, ETC.

Leighton McCarthy, K.C. Frank McCarthy, K.C.
H. A. Harrison W. J. Beattie W. R. West
S. A. Hayden W. C. Ferry A. Bissett
F. B. Matthews

TELEPHONE ELGIN 4127
CABLE ADDRESS: CARTAN, TORONTO

CANADA LIFE BUILDING
40 UNIVERSITY AVENUE
TORONTO 2 CANADA

April 24th 1933.

Private and confidential.

112 A

Dear Mr. Meighen:

re Atlantic Sugar Refineries Ltd.

Confirming my telephone conversation with you on Saturday, when I was in Montreal on the 30th of March, I got in touch with the representative from the Income Tax Office in Montreal who had audited the Returns of the Old Company, and he advised me that a week or so before that date he had sent forward to Ottawa recommendation for the issuance of a clear certificate as far as the Old Company was concerned. In addition thereto the Old Company received a statement from the Income Tax Department confirming the amount of taxes owing for 1932, and in accordance with this statement the Company paid the amount of such tax. On my return to Toronto under date March 31st, I wrote to the Secretary of State advising of the facts as I had learned them in Montreal, and requesting that the Surrender of the Charter of the Old Company be now accepted.

Under date of April 3rd, I received an acknowledgment from the Department of the Secretary of State, the writer thereof advising he had been verbally informed by the Office of the Commissioner of Income Tax that that office is not as yet able to issue a clearance

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certificate. The fact is that the books of Atlantic Sugar Refineries Limited, incorporated in 1912, have been fully audited by the Inspector for the Income Tax Department, and the amount of income tax owing settled and levied by the Department and paid by the Company. The only matter outstanding is a matter that does not concern the old Company qua Company at all. That question outstanding has to do with the character of the debenture stock of Atlantic Sugar Refineries Limited, new Company, distributed among the preferred shareholders of the old Company as part of the consideration for the purchase of the assets of the old Company by the new Company, and if it is finally determined that this is income in the hands of these preferred shareholders, it will be taxable in their hands, but there is no obligation of any kind resting on the Company in connection with this matter. It is difficult therefore, to understand why the Office of the Commissioner of Income Tax cannot at this stage issue a clearance certificate.

Yours very truly,

Lewis A Hayden

Right Honourable Arthur Meighen,
Parliament Buildings,
Ottawa, Ontario.

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Sugar 124249

Ottawa, May 29, 1934.

112 R.

Dear Mr. Reid:

I have your letter of 26th. I had not heard of the subject matter of this letter before and do not know how the Dominion Government can have any deciding as to where Sugar plants are located in Canada. I would very much like indeed to see a successful industry in Manitoba. It is my understanding, however, that there is already more than double the Sugar refining capacity in this country what the consumption will take care of. However, I am in no position to express an opinion as to whether a beet industry could succeed in Manitoba or not.

Yours very truly,

Mr. Bert H. Reid,
Myrtle, Man.

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124250

Myrtle, Manitoba,
May 26th, 1934.

Hon. Arthur Meighen,
Leader Senate,
Ottawa, Ontario.

Dear Mr. Meighen:

Might I intimate to you that the Carman Board of Trade members have approached the Dominion Government petitioning it to establish a Beet Sugar industry in their town.

It would be superfluous for me to enumerate to you multitudinously the superior advantages Carman holds for such a project, as I am aware you yourself, as being familiar with the district, are entirely cognizant of the matter of its advantages.

It would appear to me entirely expedient that an industry so closely allied with farming should be centred in such a favorable location and entirely outside the environs of any city where its apparent advantages to the agrarians' interests might amongst other industries be over-shadowed and lost sight of by those it is intended most to benefit.

Might I be permitted to add that this project has the official endorsation of our Association; as we feel, should it materialize, that untold benefits will accrue to every farmer in Dufferin and indeed to all those in MacDonald.

Might I, too, add the information that the town of Morris, according to current press reports, is working toward the end of placing this industry in that town. May I be confidentially frank and draw your attention to the fact that Morris is the home town and constituency of Manitoba's Minister of Public Works, Hon. W. Clubb. Naturally, I would infer that he and the Government of which he is a part would wish to usurp all the glory of its inception should it go to his home town.

Could we, therefore, count on you, Mr. Meighen, for support and influence at Ottawa to secure the project for Carman. Relative to the matter I have already written the Prime Minister, Rt. Hon. Mr. Bennett and also his two Ministers, Hon. T. G. Murphy and Hon. Robt. Weir. Anything you can do in the matter or influence you can bring to bear favorable to Carman I can assure you will be gratefully appreciated by all so beneficially affected.

Thanking you in anticipation of this great favor,
I remain,

Yours truly,
Robt. H. Reid.

Pres., Dufferin Conservative Assn.

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Ottawa,
June 8, 1938.

Mr. L. J. Seidensticker,
Atlantic Sugar Co.,
McGill Street,
Montreal, Que.

Dear Mr. Seidensticker:

Just received your telegram. I do not expect the Senate will be sitting Friday, so that if you are not to be here tomorrow, any day next week will do, and the best hour to catch me would be 2.30--immediately after lunch.

Yours very truly,

AM/E.

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Rt Hon Arthur Meighen,

Ottawa Ont.

I have felt it well to send you in advance of our meeting some material which is going forward by todays mail and in consequence I would ask a postponement of the appointment which you so kindly suggested for today stop may I communicate with you further and secure a meeting later at your convenience.

Lewis J Seidenticker.

1024W

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W. D. NEIL, GENERAL MANAGER OF COMMUNICATIONS, MONTREAL.

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50-8

Montreal 9 June 14th 536pm

The Rt. Hon. Arthur Meighen,

The Senate, Ottawa Ont.

I am planning to be in Ottawa thursday sixteenth and trust this is agreeable to you stop I understand the hour most convenient to you is two thirty.

Lewis J. Seidensticker.

603pm.

CALL LOCAL for MESSENGER 483
Canadian Pacific Telegraphs
House of Commons.

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124255

ATLANTIC SUGAR REFINERIES, LIMITED

MONTREAL

OFFICE OF THE PRESIDENT

June 11th
19 38

The Rt. Hon. Arthur Meighen,
The Senate,
Ottawa, Ont.

Dear Mr. Meighen:-

Further to the subject presently engaging our attention I enclose a Statement which has been drawn up by Mr. A.W. McIntyre of the Canada-Dominion Sugar Company Limited, which Statement is directly referable to that newspaper article of Senator Duff appearing in the Halifax Herald of February 11th 1938 and especially to the Summary found therein.

I have reviewed Mr. McIntyre's Statement and have collaborated with him in certain revisions and amendments and fully endorse his presentation.

Again it has seemed best to provide you with material such as this in anticipation of that discussion to which I look forward and in which I should wish to include Mr. McIntyre who will ably contribute to the necessary exposition.

There has just this morning come to us "Reports on Markets for Dried and Pickled Fish" by Mr. O.F. MacKenzie and Mr. F. Homer Zwicker, issued by the Department of Fisheries, Ottawa, and this also I would beg to call to your attention as containing much that is informative. May I particularly refer to the statement appearing on page 17 of this Report reading as follows:

> "A great deal of idle and ill-informed comment has been in circulation regarding the so-called dump duty on refined sugar from Cuba imposed in 1932 being responsible

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"for the loss of Canada's market for fish and potatoes in Cuba. Careful study of the Cuban graph is invited and this study will definitely prove that the West India Treaty is responsible for the loss of the Cuban market, and the dump duty had nothing to do with the downward turn in the trend of trade with Cuba."

All of the information contained on pages 17 to 22 inclusive under the headings of "Cuba" and "Dominican Republic" appears significant. It leaves Senator Duff with but little if anything upon which to rest.

I would also suggest to your attention Mr. MacKenzie's General Summary found on pages 32 to 40 inclusive.

In this General Summary I am led to point particularly to the items (i) West Indian Treaty (ii) Freight Rates (iii) Improved Drying.

It would seem that the Report of F. Homer Zwicker contains matter of no less significance than that put forward by Mr. O.F. MacKenzie.

Again if I may I would especially refer you to Mr. Zwicker's remarks as found in "Main Impressions" appearing on page 41 et seq. and perhaps more particularly the last four items therein found at the top of page 42.

So also one might seek material appearing under "Cuba" found on pages 50 to 51; but perhaps more particularly Mr. Zwicker's General Report and Recommendations found at the conclusion and embracing pages 57 to 62 inclusive.

The forcefulness of these "Reports on Markets for Dried and Pickled Fish" is such that we hesitate to cull extracts therefrom. I am reluctant to burden you but I shall be most happy if you can give this Report in its entirety your valued consideration for we are impressed with its considered opinions and conclusions. May I recommend it as being useful to our purposes if placed in the hands of those whom you would regard as being receptive and responsive.

I am obliged to repeat that as yet we are without measurable progress in discovering an advocate of the particular complexion but perhaps something may be discovered in the earlier days of

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the week. Having this in mind I am led to suggest that we tentatively place the date for our meeting at Wednesday the 15th or Thursday the 16th, subject entirely to your choice and convenience.

Sincerely yours,

Lewis Deutschaker

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124254

5-C-8

Ottawa,
June 14, 1938.

Mr. L. J. Seidensticker,
President,
Atlantic Sugar Refineries Limited,
Montreal, Que.

Dear Mr. Seidensticker:

I just received your letter of 11th. Have nearly finished perusal of Mr. McIntyre's memorandum but am afraid I will not have time to get through the reports on "Markets for Dried and Pickled Fish" by Messrs. MacKenzie and Zwicker. We are sitting morning, afternoon and evenings in our Committees. I want, though, to understand this question with the greatest possible thoroughness at my command.

I am not at all sure that it will ever be coming up in the House, as I have heard nothing of it here at all.

Thursday next (the 16th) at say 2.15 would suit me for your visit. Will be glad indeed to see you.

Yours very truly,

AM/E.

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REPLY TO SENATOR DUFF

1. Senator Duff has stated in an article appearing in the Halifax Herald February 11th 1938 "the increase of both specific and dumping duties on sugar has raised the price of sugar to the Canadian consumers and has cost them many millions of dollars in the last few years, thereby decreasing their power to purchase other Canadian commodities."

There has been no increase in the specific duties on sugar since April, 1921. Since then there have been reductions in the specific duties as follows:

PER 100 POUNDS

	Raw Sugar 96° Basis		Refined Sugar 100° basis	
	General	Pref	General	Pref
April, 1921	$1.68712	$.85	$2.39	$1.59
May, 1923 reduced to	1.28712	.45	1.89	1.09
April 1926 " "	1.28712	.28712	1.89	1.09

Dumping duty regulations on imports into Canada including sugar, have been in effect for several decades. The particular application of the Dumping Duty referred to by Senator Duff was effective under the fixed valuation on refined granulated sugar of January 30th, 1932, at which time the wholesale price of refined sugar, Montreal basis, in sacks was $4.80 less 5%. This price has never been equalled since then as prices have been from 10¢ to $1.00 per 100 lbs. less in the intervening period.

It is claimed by Senator Duff that the refiners are charging exorbitant prices for refined sugar at the present moment, and that if the dumping duty were removed from Cuban granulated sugar, it would come in at levels much below those prevailing for Canadian Granulated. Here are the true figures, giving an up to the minute quotation on Cuban granulated for sale to Toronto, the most convenient point of entry as shown in the years 1926 to 1931, when Cuban granulated entered Toronto in large quantity:

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LAID-DOWN COST OF CUBAN GRANULATED SUGAR
(per 100 lbs)

Price f.o.b. Cuba	$1.55
Freight to New York	.15
Canal Freight to Toronto	.24
Duty, Item 134	1.89
Duty on bag	.03
3% Special Excise Tax	.10
	$3.96
Dumping Duty	.75
	$4.71
Price of Canadian Refined at Toronto	$3.94

(Montreal List $4.00
Toronto Freight .15
$4.15
Less 5% discount .21
$3.94)

This shows positively that the Canadian sugar industry is not taking undue advantage of the situation provided by the fixed valuation on refined sugar.

2. In the article referred to Senator Duff also states, "The refiners have taken advantage of the increase in specific and dumping duties to reap profits by exploiting - the Canadian public, as shown by the lower export price for Canadian refined sugar than the prevailing cost of refined sugar in the domestic market."

Drawback Regulations of the Canadian Customs (Act) provide as follows:-

> "When goods on which duties and/or taxes have been paid are used or directly consumed in, wrought into or attached to any articles manufactured or produced in Canada and exported therefrom, there may, subject to the following conditions, be allowed a drawback of ninety-nine per cent of the duties and/or taxes paid thereon; or"

Such or similar drawback provisions are universal. Without this drawback provision in our Canadian Customs Laws all Canadian Manufacturers, including Sugar Refiners, using imported dutiable raw materials would be under prohibitive disadvantages in the export markets of the World.

Under the competitive conditions ruling in the World's markets, especially during this era of world surpluses, would-be exporters are not privileged to charge against such prospective business those costs, including all overhead, which willy-nilly, are to be borne whether such export business be done or not.

It is complained that Canadian refined sugar is sold for export at from $1.25 to $1.50 below the domestic price.

United States Refiners are currently quoting Export at $2.08 below the domestic net price New York.

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British Refiners are currently quoting Export at 11/11½ per cwt below the domestic price, equivalent to $2.59 per 100 lbs at par of exchange.

Will it be argued that the users of sugar in the United States and Great Britain are also being "exploited" ?

3. Senator Duff in his article contends that "if producers of sugar in Cuba and the Dominican Republic could ship their raw sugar to Canada at a low dutiable rate and without the dumping duty they would greatly increase their production and they would have more money to buy Canadian goods such as fish, potatoes, flour and other manufactured products".

This is in error. Under the terms of the International Sugar Agreement, now operative, Cuba and the Dominican Republic are precluded from increasing their production.

By sales to Canada Cuba cannot hope to secure a new market but merely a transference of markets.

Even if their production were not restricted under the Agreement mentioned above, certain conditions preclude the possibility of either of these countries increasing production through sales of sugar to Canada.

Cuba's greatest customer is the U.S. and next best -- the United Kingdom. Cuba sells approximately 500,000 tons of raw sugar to the U.K. each year, a greater quantity than the U.K. buys from all other foreign countries combined. However, the great bulk of the U.K. sugar imports (60%) comes from other Empire sources, as the mother country grants substantial preferences on sugar to her colonies and the Dominions. The exporting countries of the British Empire have but two buyers, Canada and the U.K. Canada buys from 96 to 99% of her imports from Empire sources. Now if Cuba sells more sugar to Canada, it follows that Empire countries will sell less to Canada and more to the mother country. The more the Colonies and Dominions sell to the mother country, the smaller becomes Cuba's market in the U.K. We repeat, therefor, that by sales to Canada, Cuba cannot hope to secure a new market but merely a transference of markets.

The same facts and conclusions apply to the Dominican Republic which is the second largest foreign supplier of the U.K. raw market. Last year (1937) for example, the two countries (Cuba and San Domingo) supplied 72% of the U.K.'s foreign imports of raw sugar.

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4.- Senator Duff in his article further states that

"If Canada will cancel or rescind the customs regulation, the so-called dumping duty of 75¢ per 100 pounds, I have no hesitation in saying Cuba and the Dominican Republic will appreciate this action and later when the time is ripe for negotiating a treaty with these countries, duties will be still further lowered and and the embargo lifted on Maritime Province products and those from otherparts of this country."

and further 5. "Cuba and the Dominican Republic consumers, having increased buying power by reason of the lower duties on fish, potatoes and other goods, will purchase still more of these products than they have in the past and give Canadian producers more money in return for their labors,"

There is not now and never has been an "embargo" of Canadian goods by the countries mentioned, whether the word be used in its correct sense or loosely.

Unfortunately these statements of Senator Duff ignore entirely certain facts and conditions which have been the dominating factors in governing the trade of Cuba and San Domingo with Canada in recent years. They are as follows:

(a) In 1929 the Cuban Administration launched upon a program of promotion of the home production of foodstuffs. Enormous increases in duties were made, not merely on the two items of dried fish and potatoes, but on numerous linesof edibles, including livestock, fresh, salted, pickled and tinned meats, animal fats, dairy products, fish of many kinds, coffee, vegetables, cereals, flour of some kinds, fruits and others. Increases ranged from 100 to 400% and on many items the initial increases were followed a year or so later by further heavy imposts. These were not aimed at the imports from any particular country, but applied generally to all countries. They were not retaliatory measures, but a factor in the Cuban national program which aimed at escape from the fatal weakness of a one-crop economy, so vulnerable to economic change.

(b) The first great increases in duties referred to above (including those on dried fish and edible potatoes) were decreed July 4, 1929, two years and a half before the fixed valuation on refined sugar was made, and during the period when Canada was annually importing thousands of tons of refined sugar from Cuba. Further increases in the Cuban import

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(b) contd.
duties were made early in 1931, the year in which Cuban granulated shipments to Canada reached their peak volume. The only change in the duty on table potatoes entering Cuba, which was made after the fixed valuation on sugar became effective, was a reduction made on September 1st, 1934.

(c) The Cuban tariff provides for three rates of duty, the maximum, the minimum (½ of the maximum) and the percentage reduction to the U.S. (20% to 60% below the minimum). A decree of March 15th, 1935, applied the maximum rates against all countries which purchased from Cuba less than 25% of their sales to Cuba; the minimum rates, plus 25% surcharge, to countries purchasing from Cuba from 25 to 50% of their sales to Cuba; and the minimum rates only to those countries purchasing at least 50% of the value of their sales to Cuba; Cuban statistics of the last fiscal period to govern. Under the application of this law, Canadian goods were subject to the maximum tariff for the two years from March 10, 1936 to April 11, 1938. On the latter date the minimum tariff rates again came into effect on imports from Canada, as Canada's purchases for the previous fiscal period were over 50% of Cuba's imports from Canada.

(d) The significance of this is (i) For the first year after the decree went into effect Canada still had the benefit of the minimum tariff showing there was no discrimination against Canada (ii) Even after Canada's purchases declined to a point that automatically brought the maximum tariff into effect, Cuba exempted codfish from the Maximum rates thus keeping Canadian cod on an equal tariff basis with all other countries (except U.S.). This also applied to imports of malt. (iii) From the time of the inception of Cuba's national production program up to the present, seed potatoes have entered Cuba free of duty from Sept. 1 to January 31st of each year. Canada has captured this market from all competitors on the basis of superior quality (95% to 97% of all seed potatoes planted in Cuba are supplied by Canada.)

(e) Cuban domestic production of table potatoes has increased to a point of supplying about 80% of the consumption, imports having declined from 86,263,000 kilos in 1929 to 18,520,000 kilos in 1936. Cuba has even developed a modest export trade in potatoes, chiefly to the U.S. in January and February (1,151,350 kilos in 1936).

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(f) Cuba grants a clear preference of from 20% to 60% below minimum tariff rates to the U.S. over all countries on a comprehensive list of several hundred items (table potatoes being one such item). This is Cuba's quid pro quo for the enormous benefits accuring to her through the U.S. Sugar Control Plan of 1934, renewed in 1937. An indication of the monetary value of these benefits is given in the table in section (g) below, where it is shown that the value of Cuban sugar exports to the U.S. has been enormously enhanced whereas the world price has increased but a negligible amount in the same period. Thus, even with world sugar values still at depression levels, the total value of the Cuban crop has been raised by over $60,000,000. or more than 100% through the action of the U.S. Sugar Control Plan. In the face of this it is inconceivable that Cuba would take any action which would reduce the imports from the U.S. of any item in which the U.S. has an appreciable export interest.

(g) Cuba is essentially a one-crop country. Under normal commodity values, the Cuban exports of sugar and its products comprise over 80% in value of the total exports.

From 1930 to 1934, Cuba's purchasing power was so reduced by the low prices of her one principal product, sugar, as to drastically reduce the country's buying power. Note the following table:

VOLUME PRICE AND VALUE OF CUBAN SUGAR
Short Tons - Raw Basis

	VOLUME EXPORTED		PRICE RECEIVED PER POUND FOB CUBA		
	To the U.S.	To World Mkts.	From US	From World Markets	ESTIMATED NET VALUE
1929	4,169,000	1,250,000	1.80	1.76	191,327,000
1930	2,642,000	1,167,000	1.38	1.28	101,413,000
1931	2,320,000	727,000	1.22	1.14	72,347,000
1932	1,904,000	1,055,000	.82	.80	47,258,000
1933	1,586,000	1,149,000	1.11	.87	54,460,000
1934	1,769,000	1,012,000	1.35	.91	65,292,000
1935	1,768,000	1,057,000	2.20	.87	94,728,000
1936	1,738,000	1,067,000	2.56	.88	107,764,000

(1) The total value of the Cuban sugar crop has more than doubled from its extreme depression year of 1932.

(2) This improvement in total value has been due almost entirely to the American sugar policy. The quota system has increased the quantity of Cuban sugar marketable in the mainland, when compared with the low point in 1932, and has enabled Cuba to obtain an appreciably better price for her sugar.

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(3) Cuba has received little aid from the markets of Europe. The world price remains at the depression levels and the amount of Cuban sugar sold to the world remains at approximately 1,000,000 tons.

(4) The rise from the depression levels of 1932 and 1933, although striking if expressed in percentages, leaves the value of Cuba's sugar at less than half the 1929 level and less than one-fourth of the inflated figures in the early 1920's.

SOURCE: JOHN E. DALTON FORMER CHIEF OF SUGAR SECTION OF U.S. AGRICULTURAL ADJUSTMENT ADMINISTRATION.

(h) The above comments apply to Cuba. The situation with respect to San Domingo is simple. That country's exports of refined sugar to Canada for the three years prior to the application of the fixed valuation on refined sugar in January, 1932, were as follows:-

IMPORTS OF REFINED SUGAR FROM SAN DOMINGO

YEAR	POUNDS
1929	903,600
1930	900
1931	0

SOURCE: Canadian Bureau of Statistics.

From these figures it is evident that the dumping duty on refined sugar was of negligible interest to San Domingo. Their exports of refined sugar to Canada had ceased long before the application of the fixed valuation. What did have a very drastic effect upon the economic situation of San Domingo was the shrinkage in value of their one crop -- sugar. The result of the corresponding decrease in buying power was a tremendous curtailment in the volume and value of imports. Such foodstuffs as table potatoes and dried fish became luxury goods and purchases decreased accordingly.

(2) The great increase in the Customs Duties of San Domingo wwere made as a result of internal economic conditions similar to those which impelled Cuba's like action.

6. There is no factual evidence to support Senator Duff's contentions.

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ADDENDUM

Since the foregoing Memorandum was typed there has come to hand "Reports on the Markets for Dried and Pickled Fish" by Messrs. O.F. MacKenzie and F. Homer Zwicker. This Report was issued by the Department of Fisheries at Ottawa.

The Report deals clearly with the salient features and significant factors entering into the matter at issue. Perusal of this Report in its entirety is urgently recommended.

On page 17 therein is found:-

"A GREAT DEAL OF IDIE AND ILL-INFORMED COMMENT HAS BEEN IN CIRCULATION REGARDING THE SO-CALLED DUMP DUTY ON REFINED SUGAR FROM CUBA IMPOSED IN 1932 BEING RESPONSIBLE FOR THE LOSS OF CANADA'S MARKET FOR FISH AND POTATOES IN CUBA. CAREFUL STUDY OF THE CUBAN GRAPH IS INVITED AND THIS STUDY WILL DEFINITELY PROVE THAT THE WEST INDIA TREATY IS RESPONSIBLE FOR THE LOSS OF THE CUBAN MARKET, AND THE DUMP DUTY HAD NOTHING TO DO WITH THE DOWNWARD TURN IN THE TREND OF TRADE WITH CUBA."

June 1938.

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RUSH RUSH

OTTAWA, JUNE 30, 1938.

50-8

L. J. SEIDENSTICKER
ATLANTIC SUGAR REFINERY LTD (OR RESIDENCE)
MONTREAL, P.Q.

WISH TO SEE YOU TOMORROW FORENOON IN MONTREAL STOP
WILL TELEPHONE.

ARTHUR MEIGHEN

CHARGE SENATOR MEIGHEN
THE SENATE, OTTAWA

12426

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124267

ATLANTIC SUGAR REFINERIES, LIMITED

MONTREAL

OFFICE OF THE PRESIDENT

July 6th
1 9 3 8

Dear Mr. Meighen:-

I am sorry that I was not in Montreal last Friday and that I thereby failed of seeing you. Since then I have your Secretary's letter of July 2nd.

It does not now appear that I shall find opportunity to go to Ottawa this week and therefore I cannot look forward to calling upon you there. I expect to be in Montreal next week but it is possible that in the forepart of the following week I shall go to Saint John.

In an effort to avoid further failure and disappointment I shall try to inform you in advance of my movements and assuming that after the present Convention you will be in Toronto I shall address you there.

I might say that when last in Ottawa I did go to the Gallery of the House but was delayed in so doing and presumably arrived too late since I did not hear from you.

Sincerely yours,

Lewis Pudmuster Hess

The Rt. Hon. Arthur Meighen,
c/o Alexandra Hotel,
Ottawa, Ont.

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124268
ATHANASE DAVID
Secrétaire de la province de Québec

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It is mighty amusing and at the same time nauseating to see you sticking your npse in the air over the Sweepstakes bill and preaching morality ---this from a man who has lived off the Canadian people--a job was made for you on the Hydro,for which you gave no value,and then ~~xxx~~ to save you from poverty a place was made for you in the Senate.You were a failure politically and worse when you attempted to run or direct a financial institution.

It is terrible that decent men have to support people like you----a regular old fashioned carpet-bagger--who has lived by looting the Treasury.

You have all the earmarks of a hypocrite--lean and hungry.

St.Marys.Ont.

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CANADA

124270

Ottawa, 2nd March, 1932.

Dear Mr. Moore:-

Many thanks for your letter of the 29th ultimo.

The Bill referred to is receiving very careful thought on my part.

Yours truly,

Arthur Meighen.

Geo. Moore, Esq.,
Parliament Buildings,
Toronto, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
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CANADA

124270

Parliament Buildings,
Toronto, Ontario.
February 29, 1932.

The Honourable Arthur Meighan,
The Senate,
Ottawa, Canada.

Dear Sir:-

On the eve of the Sweepstake Bill coming before the Senate I wish to take the liberty of writing to you, first expressing my thanks for your very kind interview. Since then, in addressing several meetings let me state that I have found every one unanimous in support of the Bill.

If my advice is worth anything, it might be wise not to take too much notice of the members of the 'Purity League'. I would fain remind you of their action over the Prohibition Bill. The then Prime Minister, Mr. Hearst, received over half a million letters from them and it is past history what they did to him when the election came. Anyway, this class of people have to bow to the majority.

The sporting class are always the ones to come forward and help in a practical way when it is really needed. Every race track in America has given aid to the unemployed. Only yesterday New Orleans gave sixty thousand dollars - the Police selling twenty thousand tickets - yet in the eyes of the purity gang, who are opposing this Bill, they are bad, wicked and there is no good in them! If this great army of moralists cannot find a better angle from where these millions of dollars could be so easily derived it would be a blessing if they would quit wasting their time and money in trying to oppose a measure that will produce the needful. It seems so utterly childish because they cannot stop hundreds of thousands of Canadian people taking part in a sweepstake. All they can do is to make them send their money to another country.

With very kind regards and good wishes, I beg to remain,

Your most obedient servant,

Geo. Moore.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Sweepstakes 124272

LE SÉNAT
CANADA

11²/₂

OTTAWA, le 14 juin 1932.

Cher Monsieur,

En l'absence du très honorable M. Meighen, je réponds à votre lettre du 13 courant.

Comme le Parlement n'a pas adopté le Bill ayant pour objet d'autoriser les sweepstakes au bénéfice des hôpitaux, le programme que vous esquissez dans votre lettre ne serait pas légal.

Votre dévoué,

Secrétaire particulier.

M. F.H. Legris,
399, Ave Galt,
Verdun, P.Q.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
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CANADA

THE SENATE
CANADA

124273

For Translation

OTTAWA, 14 June, 1932.

Dear Sir,

In the absence of the Right Honourable Mr. Meighen I am answering your letter of the 13th instant.

As the Bill to authorize hospital sweepstakes failed to pass Parliament the programme outlined in your letter would not be lawful.

Yours truly,

Private Secretary.

F.H.Legris, Esq.,
399 Galt Avenue,
Verdun, P.Q.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
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CANADA

124274

Montreal, ~~mai 16~~ le 13 Juin, 1932,

Très Honorable Arthur Meighen,
Premier, Senat du Gouvernement Canadien,
Ottawa, Ont.

Monsieur,

J'ai trouvé un moyen de faire un sweepstake juste et honnête, et je tiens vous soumettre mon idée pour aprobation; il ne peut et impossible d'y avoir de faux billets. Mon billet est d'un genre nouveau, lequel portera le nom de "TRY YOUR LUCK DOMINION OF CANADA" qui marchera comme suit:

50% comme prix, 25% pour hopitaux et Maison de Charité, 25% pour depenses d'administration,et mon bureau tiendra note des argents, des billets vendus, qui venant des differentes Provinces du Canada, afin que le 25% pour les hopitaux et maisons de Charités leur soit remis.

Je desire faire quatre sweepstakes par année, avec la permission du Gourvernement, lequel en retirerait de gros revenus, car je ferai affaire directement avec l'acheteur du billet.C'est lui qui mettra ~~mettera~~ le coupon et son dollar au bureau chef qui ne changera pas de local et mon bureau lui renvoie le recu de son coupon a lui-même,a personne autre, et de cette manière je ferai travailler des hommes dans toutes les Provinces du Canada.

C'est mon bureau qui les paiera à la semaine car ce n'est pas un billet quinse vend au pourcentage comme les autres, et de,dette manière on aurait de l'argent qui viendrait des pays étrangers car actuellement c'est notre argent qui s'en va et nos hopitaux et maisons de charité en souffrent, car il se vend actuellement au CANADA plus de 20,000,000. de billets de sweepstakes et nous n'en retirons aucun profit.

Si mon billet est accepté par le Gouvernement il ne se vendra plus de sweepstakes étrangers car la personne qui achetera un de mes billets verra immédiatement qu'il n'est pas faux et qu'elle aura de grandes chances de gagner, et en plus j'offre la somme de $ 1,000. de recompense a qui ce soit qui prouvera que mon sweepstake n'est pas 100/100 honnête. Je donnerai 250 prix desquelsvariera selon

(2)

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CANADA

124275

le nombre des billets vendus.

Les noms des chevaux seront divulgués au Forum, de Montreal, et le tirage des billets sera fait au-même endroit et publiquement et aussi par Radio.

Les personnes qui auront les billets gagnants et le nom des chevaux seront notifiées par télégramme deux jours avant la course, les autres gagnants auront le rapport par les journaux ou par mes agents.

Je m'adresse a vous certain à l'avance que vous m'aiderez pour une grande part au succès de mon entreprise

UN DE VOS ELECTEURS,

Votre serviteur,

J. H. Legris

No 399 Avenue Galt,
Verdun, Montreal,
Province de Quebec.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
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CANADA

Sweepstakes

L 24276

112
1

Saskatchewan Conference

The United Church of Canada

X.

President
REV. A. YOUNG, M.A., D.D.
Prince Albert, Sask.

Treasurer
A. W. IRWIN
Moose Jaw, Sask.

Secretary
REV. A. W. INGRAM
Rocanville, Sask.

Office of the Secretary,
ROCANVILLE, SASK.
2nd July, 1932.

The Hon Arthur Meighan,
Ottawa, Ont.

Dear Sir:

I have been requested by the members of the Saskatchewan Conference of the United Church of Canada, which met last month in Knox Church, Saskatoon, to write and express their appreciation of the fact that the Senate refused to legalize Sweepstakes in Canada.

On their behalf, I wish to assure you, and through you the members of the Senate, that we are very pleased at this action, and feel sure that it will meet with the approval of the large majority of the citizens of this Dominion.

I am, Yours sincerely,

A. W. Ingram

Secretary of Conference.

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CANADA

Sweepstakes Bill

L 24277

11 5

OTTAWA, March 14, 1933.

Dear Mrs. Brown:

I have just received your letter of 10th written on behalf of the Canadian Woman's Christian Temperance Union with respect to the Sweepstakes Bill. This matter is being taken up in the Senate at the present time, and I am sending you herewith a copy of yesterday's "Hansard".

Yours very truly,

Arthur Meighen.

Mrs. W. T. G. Brown,
437 Frontenac St.,
Kingston, Ontario.

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124278

Officers
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95 SPADINA ROAD,
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VANCOUVER, B.C.
SECOND VICE-PRESIDENT
MRS. H. WILSON
ATHELSTAN, QUE.
CORRESPONDING SECRETARY
MRS. W. T. G. BROWN
~~101 WILLIAM ST.,~~
KINGSTON, ONT.
RECORDING SECRETARY
MRS. H. P. NEWCOMBE
113½ EDWARD ST.,
HALIFAX, N.S.

"The Lord of Hosts is with us; the God of Jacob is our refuge."

Canadian Woman's Christian Temperance Union

Badge: A Knot of White Ribbon. **Time of Prayer:** Noontide.
Methods: Preventative, Educational, Evangelistic, Social and Legal.
Watchwords: Agitate—Educate—Organize.

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954 BEACH BLVD.,
HAMILTON BEACH, ONT.
L. T. L. SECRETARY
MRS. N. W. REESE
ATHELSTAN, QUE.

437 Frontenac St.
Kingston. Ont.
March 10: 1933.

To the Hon.
Senator Arthur Meighen
Ottawa

Dear Sir

On behalf of the 20.000 members your organization we earnestly urge that your vote and influence be used to defeat the proposed Sweepstakes bill.

Signed on behalf the Union
Yours very truly
Mary L. Brown
Cor. Secretary

To the
Hon. Arthur Meighen
Ottawa

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
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CANADA

L2427911

OTTAWA
March 15, 1933.

Dear Mr. Rae:

I acknowledge with thanks your letter of March 10th, and cannot do better than send you copy of Senate Debates of yesterday on this subject.

Yours very truly,

Rev. Hugh M. Rae,
3824 W. 24th St.,
Vancouver, B. C.

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PUBLIC ARCHIVES
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CANADA

124280

3524, W. 24,
VANCOUVER, B.C.,
March 10, 1933.

The Hon. Arthur Meighen,
The Senate,
OTTAWA.

Hon. Sir,

The enclosed petition was unanimously passed at a large meeting of the Ministerial Associttion this week, and we have no doubt that as the matter is again before the Senate you will give this viewpoint your thoughtful consideration.

I am, Hon Sir,

Yours respectfully,

Hugh M. Rae

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12428

Whereas the GREATER VANCOUVER MINISTERIAL ASSOCIATION having given careful study to the question of the legalization of Sweepstakes for Hospital and Charity purposes, and being firmly convinced

(a) That gambling is inimical to the economic and spiritual interests of society (as indicated by the ethical revulsion to conditions in the Old Land);

(b) That the present depression was intensified by forms of gambling which have caused our law-makers grave concern;

(c) That the essential needs of the people leave no margin of monies for such public exploitation;

(d) That, besides violating the principles of giving for charity, Hospital Sweepstakes are the antithesis of health insurance methods which are approved by increasing numbers of thoughtful investigators, as witness the B.C. Commission's Report now tabled awaiting Federal action;

(e) That there is grave danger in allowing the unsettled mood of the moment in a period of chaotic morale to disturb our national ideals and practices in Criminal Law,

THEREFORE we unanimously urge the Government of Canada to maintain the integrity of the Criminal Code in this particular, and where it requires to be strengthened against gambling under the guise of Hospital support, to amend the "informer" paragraph so that all prizes shall be confiscated to the Dominion Treasury rather than to the individual informer.

For the GREATER VANCOUVER MINISTERIAL ASSOCIATION

Hugh M. Rae

Acting Secretary.

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PUBLIC ARCHIVES
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CANADA

115

124282

OTTAWA, March 15, 1933.

Dear Mr. Jones:

I have just received your telegram regarding the Charity Sweepstakes Bill, and greatly appreciate your kind message.

Yours very truly,

Arthur Meighen.

Mr. J. Philips Jones,
General Secretary,
Social Service Council of Canada,
Toronto, Ont.

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CANADA

CLASS OF SERVICE	SYMBOL
Day Message	
Day Letter	D L
Night Message	N M
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

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HON ARTHUR MEIGHEN

HU

SOCIAL SERVICE COUNCIL OF CANADA GREATLY APPRECIATES YOUR STAND ON CHARITY SWEEPSTAKES BILL COUNCIL SENDING LETTER TO MEMBERS OF SENATE OPPOSING SAME

J PHILIPS JONES GENERAL SECRETARY

352P

P.24283

USE OUR DIRECT ALL-CANADA SERVICE TO VANCOUVER, VICTORIA AND BRITISH COLUMBIA POINTS

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CANADA

124284

The Social Service Council of Canada

A Federal Council of Churches and other Organizations for the Promotion of Social Welfare

Publishers of "SOCIAL WELFARE"

President
Rev. Canon C. W. Vernon, D.C.L.

Treasurer
Frank Sanderson, M.A., LL.D.

Offices: 102 Balmuto Building
37 Bloor Street West, Toronto, 5
Telephone KI. 4513

General Secretary
Rev. J. Phillips Jones, M.A., D.D.

Associate Secretary
Rev. A. J. Vining, D.D.

March 15th, 1933.

Honorable and Dear Sir:

We understand the Senate has introduced the Charity Sweepstakes Bill and that it has passed its second reading.

The Social Service Council of Canada, representing the Churches of the Dominion again protests, as it did last year in the case of the Hospital Sweepstakes Bill, for the following reasons:-

1. Experience shows that lotteries are demoralizing to national life.
2. The Louisiana lotteries had to be put out of business, because of their demoralizing influence.
3. The success of lotteries in Ireland is very doubtful. Church leaders - Protestant and Roman Catholic have strongly condemned them. The more influential hospitals have refused to accept their share of lottery profits.
4. The famous Irish Surgeon, Sir William de Courcy Wheeler, former president of the Irish College of Surgeons, said recently in Montreal, "These Sweepstakes have resulted in all voluntary subscriptions to hospitals ceasing, the charitable public have turned their donations in other directions, and so they are gone forever. If sweepstakes stop, the hospitals will be faced with greater difficulties than they were when dependent on subscriptions".

At a time of great financial strain in the interests of the people, particularly of the youth of the nation, whose outlook on life will be demoralized by lotteries, the Social Service Council of Canada appeals to you to prevent sweepstakes for charities being legalized.

Yours very sincerely,

J. Phillips Jones

General Secretary.

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PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124285

OTTAWA, 21 March, 1933.

Dear Sir,

In the absence of the Right Honourable Mr. Meighen I beg to acknowledge receipt of your letter of the 16th instant, with respect to the Sweepstakes Bill.

When the Bill received Second Reading on the 14th instant Mr. Meighen voted against the motion.

Yours truly,

Private Secretary.

Rev. John T.Stapleton,
386 John Street N.,
Hamilton, Ontario.

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CANADA

124286

OFFICERS

Rev. S. T. Martin, D.D., Chairman
85 Emerald St. S. B. 4420

Rev. John T. Stapleton, Secretary
386 John St. N. Reg. 3380

Mr. C. H. Newson, Treasurer
55 Sherman Ave. S. Gar. 0737w

The Hamilton Presbytery
of the
United Church of Canada

Regular Meetings 10 a.m.
Second Tuesday in
Sept.—M. & M. Fund
Nov.—Home Missions
Jan.—Evangelism
Mar.—Religious Education
May—Foreign Missions

"Neglect not the gift that is in thee, which was given thee by prophesy, with the laying on of the hands of the presbytery." St. Paul to Timothy.

March 16, 1933.

The Right Hon. Arthur Meighan,
Leader of the Senate of Canada,
Ottawa, Canada.

Honorable Sir:

Enclosed please find a copy of a resolution passed by the unanimous vote of the Hamilton Presbytery of the United Church, on Tuesday last, March 14, 1933; relative to Sweepstakes legislation now before the Senate.

Yours sincerely,

John T. Stapleton.

Secretary.

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CANADA

124287

Copy of a RESOLUTION, moved seconded and unanimously carried by the United Church Presbytery of Hamilton, March 14, 1933.

WHEREAS another effort is being made in the Senate of Canada to legalise Sweepstakes for Charitable and Religious purposes, and believing all such forms of gambling injurious to the Social and Religious interests of the Dominion; resolved:

"THAT this Hamilton Presbytery of the United Church of Canada, in session at Hamilton on March 14, 1933., do hereby express our strongest disapproval of the legalising of this form of Gambling, and urge the Senate of Canada to resist this movement."

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PUBLIC ARCHIVES
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CANADA

O.K. 4288

OTTAWA, 21 March, 1933.

Dear Madam,

In the absence of the Right Honourable Mr. Meighen I beg to acknowledge receipt of your letter of the 16th instant, withrrespect to the Sweepstakes Bill.

When the Bill received Second Reading on the 14th instant Mr. Meighen voted against the motion.

Yours truly,

Private Secretary.

Mrs. N.B.Miller,

Napanee, Ontario.

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CANADA

124286

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MRS. T. H. WRIGHT
479 63RD AVE. W.,
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113½ EDWARD ST.,
HALIFAX, N.S.

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Canadian Woman's Christian Temperance Union

Badge: A Knot of White Ribbon. Time of Prayer: Noontide.
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Watchwords: Agitate—Educate—Organize.

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HON. L. T. L. SECRETARY
MRS. G. E. McLACHLAN
954 BEACH BLVD.,
HAMILTON BEACH, ONT.
L. T. L. SECRETARY
MRS. N. W. REESE
ATHELSTAN, QUE.

Napanee Ont Mar 16/33

To the Honorable Senator Arthur Meighen

Hon. Sir

It was with much regret & deep concern, that we read in the daily papers of Mar 14/33, that the Senate would probably pass the bill legalizing sweepstakes.

Surely there is evil enough & gambling enough now, without adding sweepstakes to the already long list of crooked ways in which we may try to get something for nothing.

So we voice our protest in this matter.

May we count on you to oppose this latest legalized manner of gambling.

Sincerely Yours
(Mrs W B) M. E. Miller

Supt of the Dept of Anti-Gambling of the "Canadian Womans Christian Temperance Union"

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PUBLIC ARCHIVES
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CANADA

124290 15

OTTAWA, 3 April, 1933.

Dear Sir,

In the absence of the Right Honourable Mr. Meighen I beg to acknowledge receipt of your letter of the 31st ultimo, and to say that Mr. Meighen voted against the second Reading of the Sweepstakes Bill.

Yours truly,

A.H.Hinds.
Private Secretary.

C.E.Armstrong, Esq.,

Dresden, Ontario.

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CANADA

Glenden Ont. R.R. No 1
Mar 31/33

Rt. Hon. Arthur Meighen
Leader of the Senate
Ottawa Ont

I 29

Dear Sir :- As a resident of Kent County I protest against the ~~Sweepstakes~~ bill which has been introduced in the Senate and as you are the Government leader of the Senate I hope you will do all in your power to oppose the measure and protect Canada from organized lotteries as proposed

Yours sincerely
C Armstrong

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CANADA

124292

115

Ottawa

347 Bay St. Toronto,
February 15, 1934.

Dear Dr. Jones:

I have your letter of February 12th and can assure you that consideration of its contents will be given should any matter of lotteries come before theSenate.

Yours very truly,

Rev. J. Phillips Jones, M. A., D. D.,
Social Service Council of Canada,
37 Bloor St. West,
Toronto, Ont.

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The Social Service Council of Canada

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37 Bloor Street West, Toronto, 5
Telephone KI. 4513

General Secretary
Rev. J. Phillips Jones, M.A., D.D.

Western Field Secretary
Rev. J. C. Cameron, B.A.

February 12,
1 9 3 4.

Rt. Hon. Arthur Meighen,
The Senate,
Ottawa, Canada.

Honourable and Dear Sir:

In view of the fact that an Act to legalize Hospital Sweepstakes has passed its first reading in the Senate of Canada, the Social Service Council of Canada respectfully draws your attention to the report of the "Royal Commission on Lotteries and Betting" issued in London, England, in 1933.

That report quotes the resolution of the British Hospital Association, which states.

"That the British Hospital Association is not in favour of the amendment of the law affecting public sweepstakes, which purports to be for the benefit of voluntary hospitals."

Recent figures in connection with the Irish sweepstakes for hospitals, extending from 1931 to 1933, make clear that:

1. Hospitals received only one-seventh of the amount wagered.

2. Prize money equalled approximately one half.

3. The balance went to the sellers and to "expenses."

That is, 2/14 went to Hospitals, 7/14 to prize money, and 5/14 to sellers and overhead.

In arriving at its findings the Commission states that "while gambling among private individuals should not be interfered with, organized gambling facilities should be prohibited or restricted where these facilities lead to serious social consequences."

In view of these considerations, the Commission reached the following conclusions:

1. "That the institution of large lotteries in this country (Great Britain) is not recommended. Such

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a step is undesirable in itself, and unlikely to assist very materially in suppressing the sale in this country of tickets in lotteries promoted elsewhere."

2. "The existing general prohibition in this country of all lotteries, whether promoted here or abroad, should be maintained, and the law against foreign and illegal lotteries should be strengthened."

Certain legislation is recommended to give effect to the prohibition of lotteries, and under the lottery act, the court should forfeit to the state any money or valuable thing connected with the proceeds of a foreign or illegal lottery.

Certain exceptions recommended from the general prohibition of lotteries deal with art union drawings, private lotteries proposed in clubs, and small public lotteries incidental to bazaars and sales of work, under certain conditions. "No exception should be made however, in favour of small public lotteries or prize drawings in which the public general are invited to purchase tickets."

In view of the findings of this Royal Commission which deals with the whole subject of lotteries and other forms of gambling, and which points out the disastrous social and moral effects of lotteries upon the morale of the people, and particularly upon the youth of the nation in a time of financial strain, the Social Service Council of Canada strongly urges that the bill for Hospital Sweepstakes be not passed. The Royal Commission by its findings states that Hospital Sweepstakes are not in the best interests of Great Britain. Why then should they be considered in the best interests of Canada?

Yours on behalf of the Social Service Council of Canada.

J. Phillips Roberts

General Secretary.

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CANADA

124295

Ottawa, Ontario,
February 27, 1934.

Dear Sir:

I have your letter of 25th containing Resolution passed by The Haldimand-Norfolk Presbytery of the United Church, regarding the Bill to legalize lotteries. This is now a Government measure. I can assure you, however, that consideration will be given to your communication.

Yours very truly.

Arthur Meighen.

Rev. H. S. Fiddes,
Port Rowan, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

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CANADA

124296

Port Rowan, Ontario. February 25th. 1934.

The Rt. Hon. A. Meighen,
Leader of the Senate of Canada.
Ottawa, Ontario.

Dear and Hon. Sir,

The Haldimand-Norfolk Presbytery of the United Church of Canada at a meeting held in Grace United Church, Port Dover, on Tuesday February 20th. passed the following resolution and directed that a copy should be sent to you.

"This Haldimand-Norfolk Presbytery has learned with regret that there has been introduced into the Senate of Canada and has received its first reading a bill seeking to legalise 1 lotteries for the support of hospitals. This Presbytery regards this as a dangerous principle believing it to be economically unsound, politically unsafe, and morally bad. We re-affirm our former stand which seeks the withdrawal from the law of the permission for lotteries for religious, patriotic and charitable purposes."

signed on behalf of the Haldimand-Norfolk Presbytery

H. A. Fiddes. Secretary.

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PUBLIC ARCHIVES
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CANADA

Calgary, Alta., Mar 2, 1934 124297

P O Box 358.

Please return

Rt.Hon Arthur Meighen
The Senate, Ottawa.

Dear sir:

Press dispatches today carry the report of your utterances on the matter of legalizing sweepstakes.

I am not interested in sweepstakes, have never bought a ticket in my 25 years residence in Canada but the reports of todays proceedings in the Senate show utter contempt, and, or ignorance of existing conditions today and yesterday.

If sweepstakes are un-Christian and undesirable pray tell me, and you are leader of the government and should be able to do so, why sweepstakes, and I mean Canadian sweepstakes, are being sold all over Canada today. Right now I can buy half a dozen different sweeps on Eighth Avenue, also in Vancouver, Winnipeg, Toronto, Montreal, Yes, and Ottawa, and a dozen sweeps on different outside countries.

And why mention sweepstakes as gambling. How about the Toronto Mining Racket. If you have any illusions about gambling I would invite you to drop down to Toronto, ask the Canadian Pacific and Canadian National Telegraph offices to show you their daily list of "sucker bait" come-on market-rigging tip telegrams sent out to their sucker lists all over Canada. Everyone who draws a salary above $100. a month gets them day after day and if only one out of 50 bite they are six jumps ahead of a sweepstake racket any day.

And when its too late what happens. Didn't old Isaac Solloway and his side-kick Mills bleed Canadians for some ten millions and get away with it--with a one and four month gross jail term.

Right now Montreal and Toronto Racketeers are reaping bigger "diggins" than even in the boom days of 1929. And you folks talk about gambling being un-Christian. Of course it is, but surely you have lived long enough to have fairly well appraised the value of two evils and choose the lesser of the two--provided there is such. At any rate if you don't want sweepstakes for God's sake stop the ones running every day--then you will have given the people a cause to believe in your sincerity.

Yours truly,

T. J. Duffy

P.S. Mills and Sol stole millions and got 5 months--the poor devil grabs 200 and draws two years--it is to laugh.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124298

115

Ottawa, Ontario,
March 6, 1934.

Dear Sir:

I have your letter of 2nd. I remember you father real well. He was in Portage la Prairie when I went there first in the Fall of 1901 and I saw him for some little time after, but have not for many years. Am pleased to learn that he is comfortably situated.

Have read with very great interest your arguments as regards Sweepstakes. You have gone to a great deal of trouble in looking up the record of the lottery business, and I am glad to have the result of your work. It may be useful in time.

With kindest regards,

Yours very truly,

Mr. H. Hancock,
Hancock-Jones Lumber Co. Ltd.,
10572-101st St.,
Edmonton, Alta.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

HERBERT HANCOCK

124299

ARTHUR E. JONES

HANCOCK-JONES LUMBER CO. LIMITED

Personal Service

DAY · 21814
NIGHT 27689
72805

10572 101ST STREET
EDMONTON
ALBERTA

March 2nd,1934.

Hon.Arthur Meighen.

Parliament Buildings.

Ottawa.Ont.

Dear Sir;

I was very much interested in the attached clipping from the Edmonton Bulletin of yesterday.The more so because the Cosmopolitan Club of Edmonton of which I am a member had this subject up for debate only a week ago.

As speaker for the negative party I was allotted ten minutes and the second speakers seven minutes,this because it being a noonday meeting too much time could not be spent on it.I am enclosing my article on this in case it may interest you.Needless to say the negative won by a vote of five to one.

Some of us have followed your political carreer with interest. Personally I spent the early years of my life in Neepawa where my Dad was in the Land Titles Office and there is no doubt that you have at times met him as we spent a lot of time in Portage La Prairie.At present Dad is in the internal audit department of the City of Winnipeg and he has always been a stanch supporter of your party.

Yours truly,

H H Hancock

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
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CANADA

Senators Oppose Sweep Proposals For Hospital Aid

OTTAWA, March 1.—Wholesale gambling should not be encouraged by law, Rt. Hon. Arthur Meighen, government leader, contended in the senate yesterday, in opposing the bill to legalize sweepstakes. The fact the object was to benefit hospitals did not make sweepstakes justifiable.

Opposition to the bill was also voiced by Senator James Murdock, Rt. Hon. George P. Graham and Senator Lorne Webster, while Senators Lendrum McMeans, Gustave Lacasse and C. E. Tanner favored the bill. The debate will continue next Tuesday and the bill stands for second reading.

MONTON E

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Mr.President,Gentlemen and Members of the Cosmopolitan club.

In replying as the first speaker of the negative side to the subject which the leader of the affirmative has just spoken on it brings to my mind the words of that famous speaker who said:

There is nothing new under the sun".

Today I am going to speak briefly on two angles of the case of lotteries that is Historical and Moral.First we will consider the historical side. Tho some forms of lotteries really began as far back as the Roman Empire they ~~mmmm~~ really ~~mmmmm~~ began in the low countries of Europe in the 15th.century and were formed for the one purpose of raising money for the state

Nearly all the modern nations have tried them and while it is not my intention to go to too much detail in recounting the history of them I am merely going to state what has happened to some of the most modern nations.

The lottery act of Great Britain of 1541 penalized persons maintaining houses for illegal games and in 1698 lotteries were declared a public nuisance and finally prohibited in 1826.

Lotteries were suppressed in Belgium in 1830

In Sweden in 1841.

In Switzerland in 1865.

They started in the U.S. in 1776 for public purposes for the construction of schools,roads etc.By 1833 they were prohibited in New York and Massachusets and gradually in other states till only Louisana was left.In that State the Louisiana State Lottery Company chartered in 1868 had a monopoly for which it paid to the state forty thousand dollars.The last charter in 1879 for 25 years was not renewed.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124302

Betwwen the years 1816 to 1828 the French government derived from lotteries 2,400.000.Some years later they were suprressed and in the January of the year following it was found that there was 110,000 dollars more alone in the savings banks of Paris than the previous year. Bear in mind this,the capital of a nation a hundred years ago was much different than it is now and to-day with our much larger capital these figures would represent an alarming total.If you can see that this would be another form of taxation imposed on a gullible public I am sure you gentlemen would not consider it at all and would my learned friend of the affirmative ask the government of the people of Canada to legalize a thing the above modern nations have abandoned.

Would he burden Canada,a young nation of little historical precendent to take a chance on a thing which other nations vetoed a hundred or two hundred years ago.Surely gentlemen it just shouldn't be done.

mmmmmmmmmmI have it on the authority of the Encyclopedia Britannicam

We have had in the last few years a glaring example in the Irish Sweepstakes and yet with a little investigation what have we found? The Irish Sweepstakes were founded on the honesty of The British Jockey Club,an organization opposed to lotteries.

In 1932 a Royal Commission was appointed by the British Govt. to investigate sweepstakes and decide whether or not it would be profitable for the British Government to under take the operation of sweepstakes similar to those operated in the Irish Free State.The commission was under the chairmanship of the Rt.Hon.Sir Sydney Rowlatt and representatives of various organizations gave evidence.
The British Hospital Association whose institutes were to be benefited did not approve.
The Christian Social Council representing all the churches except the Catholic made a strong opposition.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124303

The Church of Scotland representing nearly two million people went on record to his Majesty's government as being in strong opposition to any legislation legalizing lotteries.

The Jockey Club of England the base of all the Irish Sweepstakes would not support it but were strongly opposed. (give reasons briefly)

The House of Commons of Canada considered a bill to legalize sweepstakes in 1932 and after careful consideration rejected it

Here is what the Encyclopedia Americana says on the subject;

> "Almost all modern states have at some period of their history employed lotteries as a means of revenue.But tho they supply a ready mode of replenishing the public treasury they have always been found to exert a mischievious influence upon the people.The poor are invited by them rather than the rich.They are diverted from persistent labor and patient thrift by the hope of sudden and spendid gains and as it is the proposed principle of these schemes to withhold a large part of their receipts a necessary loss falls upon that class which can least afford to bear it.

So much for the historical side of the case and I am sure gentlemen that you will agree with me when I say that history has proved them a failure.

Now let us consider the moral aspect.

The encycolpedia Brittanica says regarding England.

In 1698 lotteries were prohibited as common nuisances by which children, servants and other unwary persons had been ruined."

What is the situation at the present time in the USS of America? The facts I am now giving you are taken from an article in the Herald Tribune and Reader's Digest.

> Lotteries alone have taken one thousand million dollars a year from the people in the last three years.

These figures do not include such forms of lotteries as baseball pools, and a variety of small money lotteries known as policy,slips,numbers and Treasury.The grand total from all these rackets lies somewhere between four and six thousand millions of dollars per year.Assuming 100 million people in the states old enough to handle money this means an average of forty to sixty dollars per citizen per year.Inasmuch as many citizens do not indulge at all this means an alarming figure for those who do.

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CANADA

124304

During 1933 use of the mails was denied to 1500 sweepstake lotteries. In one New England city of 90,000 population, two thireds of the people played daily. The business sections were honeycombed by lottery agents, tickets were sold even at the gates of schools and factories.

What has brought about this alarming situation?

It is due to the activities of the racketteering froces in that country and demonstrates beyond all question of doubt that lotteries like other forms of gambling thrive and grow by promotion and education.

Our situation in Canada is quite different.

Fortunately we as citizens do not take our lead from racketeers and because lotteries are illegal in Canada the inroads they have made to date are quite modest and not a serious national problem.

But, we do take leads from the government and, if the Dominion government should lend respectability to lotteries by owning tmmmm and controlling national ones what may we reasonably expect?

We may expect that the appetite for lotteries will be whetted, our citizens including our boys and girls, will be educated to indulge and we will find that not only will many citizens suffer from playing the national lotteries but we will find illegal lotteries thriving on the kind of people who like their gambling daily or almost so, like the citizens of the New England City I cited a few minutes ago.

Unless you want to see our citizens dabached, do not support any scheme for national lotteries.

I am one of those old fashioned people who still think it is the duty of government to serve and protect its citizens rather than corrupt ans exploit them especially when it has the recod of all history to support it.

I, therefore cannot agree with the resolution.

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PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124305

Ottawa, Ontario,
March 6, 1934.

115

My dear Dr. Kerr:

Thanks very much for your thoughtful letter of 2nd March. Immediately after reading it, I picked up the enclosed. As perhaps you might be interested in the reply, I am sending you a copy.

Yours very truly,

Rev. Dr. Fred Kerr,
St. Andrew's Church,
Westmount, Que.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124306

St. Andrew's Church

Westmount, Que.

March 2,1934.

The Right Honourable Arthur Meighen,
Senator,
Parliament Buildings,
Ottawa.

Dear Mr. Meighen,

I was certainly proud of your address delivered the other day on Sweepstakes. I think that a thrill of admiration must have gone through the whole Canadian people when they read your clear-cut words making no compromise with the vice of gambling. I was especially pleased at your courage in declaring that what was a violation of the Criminal Code by the individual was not sanctified when done ~~done~~ under the aegis of the Church.

My friend the Honourable W. J. Major of Winnipeg was with me recently and told me of the similar stand he took in face of the premier of Quebec at the Conference of the provincial premiers.

With very kind regards and best wishes

Your sincere friend,

Fred Kerr.

FWK/JD.

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PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124307

THE SENATE
CANADA

Ottawa, Ontario,
March 6, 1924.

Dear Sir:

I have your letter of 2nd March. The criticism you make on my stand as regards the Sweepstakes Bill is probably best answered by a full report of the speech, and same is enclosed herewith.

The Solloway and Mills prosecutions are, of course, a wholly different matter, and the fate of these men does not affect a sound judgment on the Sweepstakes Bill in the least degree. Further, the propriety or impropriety of their treatment at the hands of the Court is the responsibility of the Court and the duty of the Court, and certainly not the responsibility of the Federal Government.

Personally I do not know these men. The Judges who tried them had all the facts before them and were in the best position to judge the character of the offence and the appropriate punishment.

Have not the facts before me as to the sentences imposed by the Courts, but my recollection is there were two sentences in different Provinces imposed on Solloway and Mills. I do not think also from recollection thatthey were found guilty of theft, but of another offence against the Code.

Yours truly,

Arthur Meighen.

Mr. T. J. Duffy,
P. O. Box 358,
Calgary, Alta.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124308

115

Ottawa, Ontario,
March 6, 1934.

Dear Sir:

I have your letter of 2nd March. The criticism you make on my stand as regards the Sweepstakes Bill is probably best answered by a full report of the speech, and same is enclosed herewith.

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Personally I do not know these men. The Judges who tried them had all the facts before them and were in the best position to judge the character of the offence and the appropriate punishment.

Have not the facts before me as to the sentences imposed by the Courts, but my recollection is there were two sentences in different Provinces imposed on Solloway and Mills. I do not think also from recollection thatthey were found guilty of theft, but of another offence against the Code.

Yours truly,

Arthur Meighen.

Mr. T. J. Duffy,
P. O. Box 558,
Calgary, Alta.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124309

Ottawa, Ontario,
March 8, 1934.

115

Dear Sir:

I thank you very much indeed for your kind letter of 6th regarding the stand I took on the question of lotteries. Your good words are sincerely appreciated.

Yours very truly,

Arthur Meighen.

Rev. David A. MacLennan,
Emmanuel Church,
Drummond St.,
Montreal, Que.

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ARCHIVES PUBLIQUES
CANADA

124310

EMMANUEL CHURCH

OF THE UNITED CHURCH OF CANADA
DRUMMOND STREET
MONTREAL

Minister
DAVID A. MACLENNAN

Lay Associate
ALFRED R. GRAFTON

March 6th., 1934.

The Right Honourable Arthur Meighan, P.C.,
The Senate,
Ottawa.

My dear Mr. Meighan,

I wish to express my deep personal appreciation of your able leadership of the opposition to the legalization of lotteries. In some quarters, the clergy are regarded as critical of every public servant!-I want you to know that I speak for many of my brethren when I say that we are grateful for your praiseworthy stand on this issue.

With kind personal regards,

Sincerely yours,

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
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CANADA

124314

Ottawa, Ontario,
March 8, 1934.

My dear Dr. Kerr:

In addition to the letter which I sent you, the following was received this morning:

> "It is mighty amusing and at the same time nauseating to see you sticking your nose in the air over the Sweepstakes bill and preaching morality--this from a man who has lived off the Canadian people--a job was made for you on the Hydro, for which you gave no value, and then to save you from poverty a place was made for you in the Senate. You were a failure politically, and worse when you attempted to run or direct a financial institution. It is terrible that decent men have to support people like you--a regular old-fashioned carpet-bagger--who has lived by looting the Treasury. You have all the earmarks of a hypocrite--lean and hungry.
>
> St. Marys, Ont."

The balance of favour may be going against me in respect of the Sweepstakes Bill.

Yours sincerely,

Rev. Dr. Fred Kerr,
St. Andrew's Church,
Westmount, Que.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124312

~~124313~~ 15

Ottawa, Ontario,
March 10, 1934.

Dear Mr. Agnew:

I appreciate very much your writing me in the terms of your letter of 7th March. I think it greatly to the credit of the Canadian Hospital Council that they have taken a stand against the proposed Sweepstakes Bill and against this method of financing hospitals.

Yours very truly,

Mr. Harvey Agnew,
Canadian Hospital Council,
184 College St.,
Toronto, Ont.

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PUBLIC ARCHIVES
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CANADA

124313

Canadian Hospital Council

The Federation of Hospital Associations in Canada

HONORARY PRESIDENT
Rt. Hon. R. B. Bennett, K.C., P.C., LL.D.

HONORARY VICE-PRESIDENT
Hon. Col. Murray MacLaren, C.M.G., P.C., M.D.

PRESIDENT
F. W. Routley, M.D., Toronto

1ST VICE-PRESIDENT
W. R. Chenoweth, Esq., Montreal

2ND VICE-PRESIDENT
Rev. Mother Allaire, Montreal

SECRETARY-TREASURER
G. Harvey Agnew, M.D., Toronto

SECRETARIAL OFFICE:
184 COLLEGE STREET
TORONTO 2

MEMBERS OF EXECUTIVE COMMITTEE:
Leonard Shaw, B.SC., Saskatoon
James M. Coady, B.A., Vancouver

March 7, 1934.

The Right Honourable Arthur Meighen, P.C.,
Parliament Buildings,
Ottawa, Canada.

Re: Hospital Sweepstakes

Dear Mr. Meighen:

In connection with the present discussion at Ottawa concerning the legalization of sweepstakes for hospital purposes, it would seem in order to bring to your attention the viewpoint of the delegates representing the hospital associations in the Canadian Hospital Council. As the Council is made up of all of the twelve hospital associations in Canada, together with representatives of the Federal Department Pensions and National Health and representatives of most of the provincial governments, it might be considered as fairly representing hospital opinion.

At the second biennial session of the Canadian Hospital Council, held in Winnipeg last September, it was decided, after due discussion, that the Canadian Hospital Council could not support any proposed plans for hospital sweepstakes as a means for financing hospitals.

Yours very sincerely,

Harvey Agnew

Secretary,
Canadian Hospital Council.

GHA/L.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124314

Ottawa, Ontario,
March 20, 1934.

Dear Mr. Stapleton:

I have your letter of 19th enclosing Resolution passed by the Hamilton Presbytery of the United Church, the terms of which I appreciate very much indeed. Many thanks for sending it to me.

Yours very truly,

Arthur Meighen.

Rev. John T. Stapleton,
386 John St. N.,
Hamilton, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
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CANADA

124315

OFFICERS
Rev. W. S. Daniels, B.A., B.D., Chairman
Sheffield, Ontario. Phone Galt 402-12

Rev. John T. Stapleton, Secretary
386 John St. N. Reg. 3380
Hamilton, Ont.

Mr. C. H. Newson, Treasurer
55 Sherman Ave. S. Gar. 0737w
Hamilton, Ont.

The Hamilton Presbytery

of the

United Church of Canada

Regular Meetings 10 a.m.
Second Tuesday in
Sept.—M. & M. Fund
Nov.—Home Missions
Jan.—Evangelism
Mar.—Christian Education
May—Foreign Missions
June—Elections

"Neglect not the gift that is in thee, which was given thee by prophesy, with the laying on of the hands of the presbytery." St. Paul to Timothy.

20+

386 John St.N.
Hamilton Ont.
March 19.1934.

The Right Hon. Sir Artur Meighan,
Leader of the Canadian Senate,
Ottawa.

Honourable Sir,

I Have the pleasure of forwarding to you a resolution passed by the Hamilton Presbytery of the United Church of Canada at its regular meeting, on Tuesday March. 13.1934., relative to the question of sweepstakes. Our Presbytery has a membership of one hundred and sixteen, and has oversight of thirty six thousand and nineteen people, and we believe that our resolution is representative of at least the large majority of our parishioners' convictions.

Yours sincerely

John T. Stapleton.

Secretary

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CANADA

124316

OFFICERS
Rev. W. S. Daniels, B.A., B.D., Chairman
Sheffield, Ontario. Phone Galt 402-12

Rev. John T. Stapleton, Secretary
386 John St. N. Reg. 3380
Hamilton, Ont.

Mr. C. H. Newson, Treasurer
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June—Elections

"Neglect not the gift that is in thee, which was given thee by prophesy, with the laying on of the hands of the presbytery." St. Paul to Timothy.

RESOLUTION OF THE HAMILTON PRESBYTERY
PASSED ON MARCH 13. 1934.

To the Rt.Hon. Sir Arthur Meighan,
Leader of the Canadian Senate,
Ottawa.

Honourable and Dear Sir,

" The members of the Hamilton Presbytery of the United Church of Canada desire to extend their sincere thanks and appreciation to you and to all the honourable senators who voted against the introduction of sweepstakes into Canada.

It is our hope that your courageous stand may go far in moulding public opinion in Canada on this subject, and that it will not go unregarded in the House of Commons. "

Certified

John. T. Stapleton,

Secretary

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124307

St. Andrew's Church

Westmount, Que.

April 5,1934.

The Right Honourable Arthur Meighen,
The Senate,
Ottawa.

My Dear Mr. Meighen,

I am returning the letters which you so kindly sent me. I would not have believed that you of all men would receive letters of this type. I think that most of us have the idea that most people are appreciative of our public men and like to show appreciation but of course there are always certain types that are embittered against the world in general. From time to time I receive anonymous communications informing me that I am not fit to speak in the pulpit holding ~~the~~ views such as I hold.

I was interested in reading Asquiths Memoirs and Reflections in coming across in his Diary the night you and Mrs. Meighen had dinner with him. He records the story you told of the golfer returning to the Club-house who was overheard to say,"You know I did the first three holes in thirty-three and after that I went all to Hell." Do you recall the fine afternoon we had with Will Tier and Fred Clark?

There have been some rumors you might be persuaded to take the Presidency of McGill University but the general impression is that they will not let you out of political life.

With kind regards and best wishes,

Your sincere friend,

J.W.Kerr.

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PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124318

Weyburn Sask April 20/34

Sir Arther Meighen

Dear Sir I thought I would write and tell you what seems to be the public opinion in this town an the sweepstake is Pass it our general-Hospital needs are right now to build a home for the staff and buy equipement of all kind. to continue the nurses treaning school with they are all most compelled to close for want of money. lots of people die an the planes because they can not pay to go to an hospital and if the Hospitals were not so poor they could take them in if a Doctor said it was needful.

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ARCHIVES PUBLIQUES
CANADA

~~Dirtbag~~ the last ~~election~~ we did a lot of work and got mr Tesley a lot of ~~votes~~ Votes. I was talking to a group of 18 wimmen last week same of them have always been Tareys and same grits are trying to make them turn. I said no the grits had this provence for 25 years and times ware good and never built an Highway and see our Highways now. see how the people have been feed and clothed all this time Saskatchewan Treasury was all but empty when this party got in to power. they seemed to beleave it but it is hard to say who will come out a head we can not work like we did last time we can not afford a Batery and licence

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PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124320

and things to run our car
I will say good bye

Yours Truly

Mrs J. E. Henry

Weyburn
Sask

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PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124321

Ottawa, 6 mai 1934.

M. Joseph LEMIEUX,
941, rue Plessis,
MONTREAL, Que.

Cher monsieur,

J'ai bien reçu votre lettre du 25 mai, et je regrette qu'une absence d'Ottawa m'ait empêché d'y répondre plus tôt.

Au sujet des loteries, le Bill qui se rapporte à cette question a été adopté au Sénat, puis ensuite rejeté par les Communes; en sorte que la question est réglée.

Quant aux emprunts, la plus grande partie des fonds est empruntée au Canada; mais l'emprunt réalisé en Angleterre a été négocié par précaution d'obtenir de l'argent au taux le plus réduit possible.

Votre dévoué,

A.M./MB. Arthur Meighen.

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PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Translate into French for Mr. Meighen's signature 124322

112L

Dear Sir:

I duly received your letter of 25th May and regret that absence from the City has prevented earlier reply.

With reference to the subject of lotteries, the Bill has been decided. It was passed in the Senate and thrown out in the Commons.

As to borrowings, most of the money is borrowed in Canada, but the loan in England was made because of the wisdom of getting money at the very cheapest possible rate.

Yours very truly,

Arthur Meighen.

M. Joseph Lemieux,
941, rue Plessis,
Montreal, Que.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124323

Ottawa, le 23 mai, 1924.

115

Cher Monsieur Blanchard:

J'ai reçu votre lettre du 21 mai avec une copie de resolution adoptée par le Conseil de Ville de Ste. Thérèse.

Vous aurez vu par la presse que le billet sur le sujet des loteries n'était pas adopté par le Chambre de Communs hier.

A vous sincèrement,

Monsieur J. L. Blanchard, M. P.,
Sainte-Therese, P. Q.

Blanchard

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CANADA

124324

LA VILLE DE SAINTE-THERESE

COMTÉ DE TERREBONNE

BUREAU DU SECRÉTAIRE-TRÉSORIER
J.-L. BLANCHARD, N. P.

CORPORATION DE LA VILLE DE STE THERESE
INCORPORÉE DEC. 1916

TÉLÉPHONE BELL
NO. 21

SAINTE-THÉRÈSE, P. Q., 21 mai 1934

L'Honorable Arthur Meighen,
Président du Sénat,
Edifice du Parlement, Ottawa

Mon cher Monsieur,

Veuillez trouver sous ce pli une copie de résolution adoptée par le Conseil de Ville de Ste Thérèse. Cette résolution parle elle-même et n'a pas besoin de commentaires.

Je vous prie de me croire,

Votre respectueux serviteur,

J.-L. Blanchard,
Sec.-Trés.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

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LA VILLE DE SAINTE-THÉRÈSE

COMTÉ DE TERREBONNE

BUREAU DU SECRÉTAIRE-TRÉSORIER
J.-L. BLANCHARD, N. P.

CORPORATION DE LA VILLE DE STE THERESE
INCORPORÉE DEC. 1916

TÉLÉPHONE BELL
NO. 21

SAINTE-THÉRÈSE, P. Q.,

PROVINCE DE QUEBEC
COMTE DE TERREBONNE
VILLE DE SAINTE THERESE

A l'ajournement de l'assemblée du 16 avril 1934 tenue au lieu et à l'heure ordinaires des assemblées du Conseil lundi,le vingt-trois avril mil neuf cent trente-quatre,étaient présents les échevins Théodule Lacroix,Donat Charron,J.Albert Filiatrault,Alfred Desjardins et Arthur Thiboutôt,formant quorum sous la présidence du pro-maire M.Alfred Desjardins en l'absence du Maire C.H.Robillard.

.....

Il est proposé par l'échevin J.Albert Filiatrault, secondé par l'échevin Arthur Thiboutôt que le Conseil de Ville de Sainte-Thérèse fasse connaitre son opinion en faveur des loteries dans les provinces du Dominion une demande au Premier Ministre du Canada et au Président du Sénat de passer une législation spéciale pour permettre les loteries dans les provinces soit au profit des hopitaux soit au profit des maisons d'éducation ou soit au profit des sans-travail,afin d'éviter l'exode de notre argent dans des pays étrangers; et que copie de la présente soit adressée au Premier Ministre du Canada et au Président du Sénat.

Adopté unanimement.

EXTRAIT CERTIFIE CONFORME au livre des délibérations du Conseil de Ville de Sainte-Thérèse.

J.-L. Blanchard,
Sec.-Trés.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

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124326

Montreal 25 Mai 1934.

Mr. Meighen. Senateur.

Permettez moi de vous écrire quelques mots pour vous dire que Mr Rhodes veut faire un emprunt à Londre de 50 millions à 3½ pour cent. il devait faire cette emprunt en Canada car Mr Bennette a dit Canada first. Je suis en faveur des Loteries pour les hopitaux mais pour les chomeurs: car le gouvernement en à absolument de besoin. cette loteries coutera seulement que l'impression des billets, et les billets se vendront dans les bureaux de Poste car ca ne coutera rien pour l'administration.

Votre tout devoué
tailleur de cuir
Mr Joseph Lemieux un partisan du gouvernement ouvrier.
94 rue Plessis Montreal P.Q.
Une réponse s'il vous plait.

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124327

Permit me to write a few lines to tell you that Mr. Rhodes has just made a loan in London of 50 millions at 3½ per cent. He should have made this loan in Canada as Mr. Bennett says "Canada first. I am in favour of lotteries, not only for hospitals but for the labourers, as the government needs these lotteries. It would only be a question of having the tickets printed as they could be sold in the post offices, and the cost of administration would be nil.

Your devoted leather worker,
Mr. Joseph Lemieux, a member of the workers movement. — — — —
A reply is requested, if you please.

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124328

112-L

O t t a w a,
le 18 juin 1936.

M. Wilfrid Lamoureux,
4616, rue Christophe-Colomb,
MONTREAL, P.Q.

Cher monsieur,

J'ai bien reçu votre lettre du 16 courant et j'en ai soigneusement noté le contenu, ainsi que la résolution adoptée par l'Association Nationale des Vétérans, au sujet d'un "sweepstake" national au profit des vétérans.

Je vais mettre toute mon attention à étudier ces documents; mais je ne m'attends pas qu'un projet de loi soit présenté pour couvrir cette question, tout au moins durant la présente session, puisqu'elle touche à sa fin.

Sincèrement à vous,

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124329

Please translate for Senator Meighen

Ottawa, June 18, 1936.

Dear Sir:

I have your letter of 16th June and have noted carefully its contents as well as the resolution passed by the "Association Nationale des Veterans," on the subject of a national sweepstake for the benefit of veterans. These will have my earnest consideration, but I do not expect there will be any legislation introduced on the subject this Session anyway, as we are now near the close.

Yours sincerely,

Mr. Wilfrid Lamoureux,
4616 rue Christophe-Colomb,
Montreal, Que.

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ASSOCIATION NATIONALE des VETERANS 124330

Montréal, le I6 juin, I936.

Très Hon. Arthur Meighen,
Leader Conservateur,
Chambre Haute,
Ottawa, Ont.

Honorable Sénateur,

Nous avons l'honneur de soumettre à votre bienveillante attention ainsi qu'à celle de vos distingués collègues conservateurs de la Chambre Haute, copie de la résolution ci-jointe qui fut unanimement adoptée au cours de l'assemblée générale de l'Association Nationale des Vétérans tenue vendredi, le 29 mai I936, à Montréal.

Nous sommes confiants que Messieurs les Sénateurs Conservateurs sauront apprécier loyalement et impartialement les grandes lignes du plan de boni sous forme d'obligations-miniatures par le médium de loteries nationales en faveur des anciens combattants canadiens, préconisé et réitéré dans la mesure susdite et que la Chambre Haute l'étudiera à son mérite et témoignera du même esprit de désintéressement que ceux qui se sont enrôlés volontairement durant la grande guerre pour la défense de la justice et du droit.

ASSOCIATION NATIONALE DES VETERANS
DE LA PROVINCE DE QUEBEC

Votre très respectueux,
Wilfrid Lamoureux
Président.

WL/PA.

4616, rue Christophe-Colomb,
Montréal.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

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CANADA

Très Hon. Arthur Meighen.

[12433]

Extrait conforme des minutes passées au cours de l'assemblée générale de l'Association Nationale des Vétérans, tenue vendredi le 29 mai, 1936, à Montréal.

Qu'en considération de la pressante et injuste détresse dans laquelle se trouvent des milliers de vétérans candiens, qui après avoir subit les horreurs et les effets désastreux de la grande guerre et payé par surcroît les taxes inhérentes à celles-ci, depuis leur retour du front, qu'en plus, ils se voient en face de l'angoissante éventualité d'être obligés dès mainjenant de lutter dans la plupart des cas inégalement avec les hommes plus jeunes pour l'obtention d'emplois.

Qu'en considération que l'Etat devrait voter un boni sous forme d'obligations-miniatures par le médium de loteries nationales en faveur des vétérans canadiens et que lesdites loteries sont indiscutablement le moyen le plus pratique et économique de procurer un rétablissement convenable aux vétérans ainsi que de créer un pouvoir d'achat qui donnerait du même coup du travail à notre jeunesse oisive en ce moment et que ladite mesure s'impose à l'attention de nos législateurs de la Chambre des Communes et du Sénat, non pas dans un an, deux, trois ou quatre ans, mais immédiatement durant la présente Session Fédérale.

Il est résolu à l'unanimité:

Que l'Association Nationale des Vétérans réitère respectueusement avec confiance auprès du Parlement Fédéral et du Sénat, ses demandes relatives à l'octroi d'un boni sous forme d'obligations-miniatures par le médium de loteries nationales en faveur des vétérans canadiens, adoptées unanimement par ses membres au cours de l'assemblée générale du 28 février 1936, à Montréal, et dont copies exactes ont été envoyées précédemment aux législateurs intéressés.

Que copie de cette résolution soit transmise aux autorités compétentes et aux journaux pour publication.

Adopté à l'unanimité.

(Vraie copie)

ASSOCIATION NATIONALE DES VÉTERANS
DE LA PROVINCE DE QUÉBEC

Signés: Wilfrid Lamoureux
Président.
Henri B. Frottier
Secrétaire-Trésorier.

Montréal, le 29 mai 1936.

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CANADA

124332

Ottawa, 24 février 1937.

Monsieur Wilfrid LAMOUREUX,
Président,
Association Nationale des Vétérans,
4616, rue Christophe-Colomb,
MONTREAL, P.Q.

Cher monsieur,

Je viens de prendre connaissance de votre lettre du 12 courant et de ses annexes. La Chambre des Communes a toujours rejeté les projets d'établissement de loteries. J'appartiens au Sénat et je n'ai aucune espèce d'influence sur le vote de la Chambre des Communes.

En ce qui concerne les dispositions relatives aux veuves et aux enfants des vétérans décédés, il va sans dire que ma sympathie leur est acquise si ces dispositions sont le moindrement praticables. Mais la question relève du Gouvernement, puisque le Sénat ne peut présenter aucune mesure comportant une charge sur le Trésor. Vos représentants perdraient par conséquent un temps utile, en venant me voir à ce sujet.

Votre tout dévoué,

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

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CANADA

Translation
Mr. Meighen

124333

Ottawa, February 23, 1937.

Mr. Wilfrid Lamoureux,
President,
Association Nationale des Veterans,
Montreal, Que.

Dear Sir:

I have before me your letter of 12th February with enclosures. Any proposals to establish lotteries have always been defeated in the House of Commons. I am a Member of the Senate and have no influence whatever on the House of Commons' vote.

As respects provision for wives and children of deceased veterans, I am naturally sympathetic if it is at all practical. This is a matter, though, which the Government has to decide itself, as any proposal which means a charge on the Treasury cannot be ~~initiated~~ introduced in the Senate. It would, therefore, be a waste of time for your representatives to wait on me with regard thereto.

Yours very truly,

Arthur Meighen.

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CANADA

TEL. FRONTENAC 8631

2616 RUE CHRISTOPHE-COLOMB

124334

ASSOCIATION NATIONALE DES VÉTÉRANS

Montréal, le 12 février, *1937.*

Très Hon. Sénateur Arthur Meighen,
Leader Conservateur,
Chambre Haute,
Ottawa, Ont.

Honorable Sénateur,

Nous avons l'honneur de soumettre à votre respectueuse attention et à celle de vos distingués Collègues de la Chambre Haute, copie exacte ci-jointe d'une importante résolution qui fut unanimement adoptée au cours de l'assemblée générale de l'Association Nationale des Vétérans, tenue mardi le 22 décembre 1936, à Montréal, P. Q.

Une forte délégation de notre Organisme, vous demandera sous peu de nous accorder une entrevue, ceci dans le but de vous exposer clairement nos justes et légitimes désirs. Nous aurons en mains dans la circonstance, un nombre considérable de pétitions dûment signées par des anciens compagnons d'armes et des citoyens en vue Canadiens, qui sont tous favorables à ladite mesure incluse. Nous espérons pouvoir compter sur votre influence respectueuse dans la circonstance. Nous sommes dans la lutte pour l'obtention d'un boni de l'Etat et rien ne nous arrêtera maintenant.

ASSOCIATION NATIONALE DES VÉTÉRANS
DE LA PROVINCE DE QUÉBEC

Votre très respectueux,

Wilfrid Lamoureux
Président.

WL/PA.

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a/s Très Honorable Arthur Meighen, Leader Conservateur du Sénat Canadien.

Extrait conforme des minutes adoptées au cours de l'assemblée générale de l'Association Nationale des Vétérans, tenue mardi le 22 décembre 1936, à Montréal, P. Q.

124335

Il est résolu à l'unanimité:

" Considérant l'ouverture prochaine des Chambres des Communes et du Sénat, que les membres de l'Association Nationale des Vétérans réitèrent respectueusement et avec détermination leurs recommandations soumises au dernier Comité Parlementaire des Pensions et des Problèmss Généraux des Anciens Combattants pour l'obtention immédiate d'un BONI de l'Etat sous forme d'obligations-miniatures par le médium de loteries nationales annuelles, lequel ne coûterait pas un seul sou à la Trésorerie Fédérale et dont les grandes lignes se résument comme suit, savoir: Octroi de $I.500 à ceux ou à celles qui ont honorablement servi sur un théatre réel quelconque de guerre, durant la Grande Guerre et dans les mêmes circonstances, octroi de$I.000 à ceux ou à celles qui ont honorablement servi outre-mer en dehors des zones réelles de guerre, octroi de $500 à ceux ou à celles qui ont honorablement servi en Canada pendant un an et plus, octroi de $250 à ceux ou à celles qui ont honorablement servi en Canada de six mois à un an, octroi de $I00 à ceux ou à celles qui ont honorablement servi en Canada de trois mois à six mois et octroi de $50 à ceux ou à celles qui ont honorablement servi en Canada moins de trois mois. (Lesdits octrois devant être payés sous forme d'obligations-miniatures par coupures de $50 chacunes.)

Les membres de ladite Association réitèrent également toutes les autres recommandations comprises dans l'Appendice "A" de l'Evidence No. 20, des procès-verbaux de la séance du I9 mai, I936, tenue par ledit Comité Parlementaire, moins celles qui auraient été modifiées depuis ladite date, par la dernière Session Fédérale.

Les membres de ladite Association demandent en plus que le Parlement de la Nation prennent les mesures nécessaires afin de modifier le Bill I9, de façon à en faire bénéficier les veuves ou les enfants des vétérans décédés et qui ne reçoivent pas de pension militaire, ceci jusqu'à ce que lesdites veuves se remarient et lesdits enfants atteignent l'âge de seize ans révolus.

De plus, par la voix des journaux ou tous autres moyens légitimes, que ladite Association désire mettre en garde les vétérans Canadiens contre certains projets de BONI présentement répandus en public, lesquels stipulent l'octroi d'un BONI basé sur le nombre de jours servis dans les Armées Actives du Canada, ce qui serait à notre point de vue injuste et dépréciable pour les vétérans qui ont été licenciés involontairement seulement quelque temps après leur enrôlement dans lesdites Armées, soit en Canada, en service Outre-mer ou pour le Front en raisons de blessures, maladies, trop vieux ou trop jeunes et qui ne reçoivent qu'une minime pension ou rien de l'Etat depuis leur retour au pays, excepté l'inadéquate Gratuité d'après guerre. (Tous les enrôlés militaires de la Grande Guerre ont juré Fidélité et Loyauté au Service du Roi et de l'Empire pour toute la durée de la Grande Guerre et même six mois après, alors, ils ont droits aux reconnaissances inhérentes de leur geste de sacrifice, même si pour les raisons susdites ils ont été réformés plus tôt.)

Conséquemment, ladite Association fait un pressant et loyal appel à tous les anciens combattants Canadiens et ceci dans leur propre intérêt personnel, de vouloir envoyer par écrit leur approbation du plan de BONI tel que ci-devant soumis par ladite Association, en s'adressant au No. 46I6, rue Christophe-Colomb, Montréal, P. Q. L'Association Nationale des Vétérans présentera ensuite toutes ces pétitions à l'attention de nos Législateurs Fédéraux, durant la prochaine Session Parlementaire. Ledit plan de BONI est jugé comme le seul recommandable aux Autorités compétentes et le seul acceptable par la population Canadienne en ce temps de crise économique.

Enfin, les membres de l'Association Nationale des Vétérans prient respectueusement les membres de la Chambre des Communes et du Sénat, de vouloir prendre les mesures nécessaires le plus tôt possible pour amender le Code Criminel du Canada et passer une ou des Législations permettant la tenue de loteries nationales annuelles pour payer un BONI de l'Etat aux vétérans Canadiens en conformité avec les recommandations susdites.

Que copie de cette résolution soit envoyée aux Autorités compétentes et aux journaux pour publication.

Adopté à l'unanimité.

(Vraie Copie.)

Signés: Wilfrid Lamoureux
Président.
Arthur B. Scotter
Secrétaire-Trésorier.

Montréal, le 22 Décembre I936.

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124336

(M.13. Exemplaire de pétition pour nous faire signer citoyens dans le public)

Pétitions en faveur du plan de boni préconisé par l'Association Nationale des Vétérans, de la Province de Québec.

Nous soussignés, citoyens Canadiens et sujets Britanniques, certifions par les présentes; que nous sommes favorables au projet de boni ci-après énuméré et demandons respectueusement aux Autorités Fédérales du Canada, de prendre les mesures nécessaires pour son adoption et que nous ne cesseront de les prier tant et aussi longtemps que l'on n'aura pas fait droit à cette requête—

SOMMAIRE:

(A) Autorisation et légalisation d'une tenue de deux loteries nationales annuelles dont les récettes nettes seront appliquées à payer les intérêts et combler le fonds d'amortissement d'un emprunt spécial de l'Etat à longue échéance et devant servir à l'octroi d'un boni en faveur des vétérans, sous forme d'obligations-miniatures par coupures de ($50) cinquante piastres chacunes. Les dites loteries cesseront leur opération à l'extinction du remboursement final dudit emprunt.

(B) Une somme approximative de cinq cent mille piastres pourrait être distribuée aux gagnants de chaque tirage, divisée comme suit: 2 gros lots de $50,000.00 chacun en argent. 4 prix de $25,000.00 chacun en argent. 10 prix de $10,000.00 chacun en argent. 20 prix de $5,000.00 chacun en argent et 100 prix de consolation de $1,000.00 chacun en argent. (Le coût de chaque billet, le mode de distribution ou de vente desdits billets de loteries—au public—ainsi que la teneur de tout ce paragraphe sont facultatifs et discrétionnaires à nos Législateurs Fédéraux.) Le contrôle et l'administration desdites loteries seront sous la stricte juridiction du Gouvernement Fédéral du Canada. Des peines sévères devront être infligées à tous ceux qui en enfreindront les règles.

(C) Les bénéficiaires dudit boni seront: Tous ceux ou celles qui ont honorablement servi dans les diverses unités des Armées Canadiennes ou Alliées, durant la Grande Guerre, qui sont sujets britanniques depuis au moins le 4 août 1914, qui demeuraient à cette date en Canada, qui y demeurent encore et qui y demeureront dans le futur. Le classement ou répartition financière dudit boni se fera dans l'ordre suivant: Tous ceux ou celles qui ont servi sur un théâtre réel quelconque de guerre, recevront $1,500.00 chacun. Tous ceux ou celles qui ont servi outre-mer en dehors de toutes zones réelles de guerre, recevront $1,000.00 chacun. Tous ceux ou celles qui ont servi en Canada pendant un an et plus, recevront $500.00 chacun. Tous ceux ou celles qui ont servi en Canada de six mois à un an, recevront $250.00 chacun. Tous ceux ou celles qui ont servi en Canada de trois mois à six mois, recevront $100.00 chacun. Tous ceux ou celles qui ont servi en Canada trois mois et moins, recevront $50.00 chacun. (Tous ces octrois se feront sous forme d'obligations-miniatures de $50.00 chacune.)

En vue de commémorer deux des plus brillants faits d'armes des Forces Expéditionnaires Canadiennes, durant la Grande Guerre, il serait désirable que les tirages desdites loteries nationales soient tenus aux dates historiques des anniversaires des batailles de "COURCELETTE" et "VIMY RIDGE".

SYNOPTIQUE, MORALE ET SUPPLIQUE:

On permet en Canada comme ailleurs, les paris mutuels aux courses de chevaux, etc., les spéculations sur la marge de la Bourse, alors pourquoi pas aussi légaliser et autoriser des loteries nationales qui transformeraient les millions de dollars Canadiens dépensés annuellement pour les sweapstakes et loteries étrangers—en une source de bien-être en faveur de nos vétérans et leurs familles. Ledit boni sera profitable à toutes les classes de la Société puisqu'il créera sûrement un immense pouvoir d'achat, activera intensivement le commerce et l'industrie et assurera une meilleure répartition financière en ce pays. Ce projet de boni ne coûtera pas un seul sous à l'Etat et de l'avis même de personnes compétentes il amènera des revenus substantiels à la Trésorerie Fédérale sous forme de frais postaux et autrement, conséquemment il dégrèvera considérablement le Budget National et il est la seule solution pratique, économique, recommandable et acceptable par nos Gouvernants pour résoudre les problèmes complexes de nos vétérans en ce temps de crise de chômage. L'adoption de cette mesure ingénieuse n'affecterait en rien les pensionnés militaires et procurerait du travail à notre jeunesse oisive. Les loteries sont approuvées dans presque tous les grands pays européens et on ne voit pas en quoi elles pourraient être considérées comme immorales dans le nôtre. LA VRAIE IMMORALITE; c'est d'abandonner ingratement à leur misérable sort actuel ceux qui ont honorablement servi durant la Grande Guerre et d'ignorer honteusement leurs justes et légitimes revendications de Bons Serviteurs Publics. Coopérons ensembles pour l'avénement d'une nouvelle ère de Prospérité en notre beau Dominion Canadien!

Nous signons:

No. Rég.	Prénom et Nom	Profession	Adresse

124337

Memo to Mr. Meighen:

According to the attached Resolution the National Association of Veterans wishes to have the Criminal Code amended in order that National Annual Lotteries may be legalized, to provide funds for State bonuses to all War Veterans on the basis of length of service.

This Association also asks that provision be made for wives and children of deceased veterans who were not in receipt of military pensions.

The letter states that a delegation will shortly ask for an interview with you to submit clearly their just and legitimate representations.

E. M. E.

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CANADA

TEL. FRONTENAC 8631

124338

4616 RUE CHRISTOPHE-COLOMB

ASSOCIATION NATIONALE DES VÉTÉRANS

✝

112

Montréal, March 9th, 1937.

We respectfully solicit the loyal and sincere support of the Honourable Members of the Senate and the House of Commons of Canada for the immediate adoption of the following State bonus plan, this, during the present Federal Session:-

SUMMARY:

(A) Autorization and legalization with respect to the holding of two annual lotteries the net proceeds of which will be applied to pay the interest and sinking fund charges of a special long term State loan and to be utilized to provide for the payment of a bonus to veterans in the form of miniature bonds in denomination of fifty dollars ($50). The said lotteries shall cease upon the complete and final refund of the said loan.

(B) An approximative sum of five hundred thousand dollars could be distributed to the winners of each draw, divided as follows: 2 capital prizes of $50.000 each in cash. Four separate cash prizes of $25.000. Ten separate cash prizes of $10.000. Twenty separate cash prizes of $5.000, One hundred separate cash prizes of $1.000. (The price of each lottery ticket, the method of sales or distribution of such lottery tickets to the public - - - and the tenor of this whole paragraph are matters which our federal legislators can determine.) The control and admistration of such lotteries shall be under the strict jurisdiction of theDominion Government. Those who violate the rules thereof shall incur severe penalties.

(C) The beneficiaries of said bonus shall be: All those persons who honourably served in the various units of the Canadian or Allied forces during the Great War, who are British subjects since August 4, 1914, who were then domiciled in Canada, who are still domiciled therein and will be domiciled in the future. The financial classification or apportionment of the said bonus shall be affected as follows: All those who served in an actual theatre of war will each receive $1.500. All those who served overseas outside of any actual war zone will each receive $1.000. All those who served in Canada during one year or more will each receive $500. All those who served in Canada a period of six months to one year will each receive $250. All those who served in Canada from three months to six months will each receive $100. All those who served in Canada three months or less will each receive $50. (All these grants will be in the form of miniature bonds each in a denomination of $50.)

In order to commemorate two of the most brilliant exploits of the Canadian Expeditionary Forces during the World War, it would be desirable that the drawings of such national lotteries be held on the anniversaries of the battles of COURCELETTE and VIMY RIDGE.

SYNOPSIS, ETC.

In Canada and elsewhere, the horse races pari-mutual betting, the gigantic daily stock markets speculations, etc. are permitted actions, then, why not also legalize and authorize annual national lotteries who would transform the millions of Canadian dollars spended each year in buying tickets of foreign sweapstakes or lotteries - - - into a source of welfare for our veterans and their families, The said bonus will be profitable to every classes of our Society and will create a sure purchasing power, it will promote industry and trade and will assure a more even financial distribution in our Country. This bonus plan will not cost one cent to the State and it will procure substantial incomes to the National Treasury in the form of postal charges, etc. It is the sole practical, economical, recommandable and reasonable solution to solve the complex problems of our veterans during this unemployment crisis period. The adoption of this ingenious measure would not affect the military pensionary and would give work to our idle youth. The lotteries are approuved by several great european countries and we do not see in which they should be consider as immoral in ours. Let us cooperate together for the event of a new era of Prosperity in our great Canadian Dominion.

The undersigned, have presently in hands several thousands of petitions duly signed by noted Clergymen, Citizens and Great War Veterans of this country, which ones are all in favor of the above State bonus plan.

Signed: Wilfrid Lamoureux
President.

Henri B. Gauthier
Secretary-Treasurer.

ASSOCIATION NATIONALE DES VETERANS
DE LA PROVINCE DE QUEBEC

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I.24339

Ottawa,
March 8, 1933.

Miss Mary L. Mansfield,
Smoky Lake, Alta.

Dear Madam:

Your letter of 5th has just been received, and I can assure you that your representations regarding Sweepstakes will be carefully considered when the Bill comes to the Senate Committee for review.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Smoky Lake. Alberta.
Mar. 6, 1938

V

124340

Hon. Arthur Meighen.
House of Parliament.
Ottawa, Can.

Honorable Sir:

At a recent meeting of St. Paul Presbytery of the United Church of Canada held in Smoky Lake, the following resolution was passed unanimously,—

"Whereas there seems to agitation in certain quarters, under guise of charity, for the enactment of such legislation as will provide for the carrying on of Sweepstakes and Lotteries without restraint, we the St. Paul Presbytery of the United Church of Canada would urgently request of the Parliament now in session that the regulations regarding Sweepstakes & Lotteries be not modified and that privileges be not extended."

We humbly request you to give this matter your most earnest consideration.

Respectfully yours.
(Miss) Mary L. Mansfield
Secretary St. Paul Presbytery.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

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CANADA

TEL. FRONTENAC 8631

124041

RUE CHRISTOPHE-COLOMB

ASSOCIATION NATIONALE DES VÉTÉRANS

#15

Montréal, March 10th, 19 38.

ON THE OCCASION OF THE 20th ANNIVERSARY OF THE SIGNATURE OF THE

- ARMISTICE -

We respectfully solicit the loyal and sincere support of the Honourable Members of the Senate and the House of Commons of Canada for the immediate adoption of the following State bonus plan, this, during the present Federal Session:-

---

SUMMARY:

(A) Authorization and legalization with respect to the holding of two annual lotteries the net proceeds of which will be applied to pay the interest and sinking fund charges of a special long term State loan and to be utilized to provide for the payment of a bonus to veterans in the form of miniature bonds in denominations of fifty dollars ($50). The said lotteries shall cease upon the complete and final refund of the said loan.

(B) An approximate sum of five hundred thousand dollars could be distributed to the winners of each draw, divided as follows: 2 capital prizes of $50.000 each in cash. Four separate cash prizes of $25.000. Ten separate cash prizes of $10.000. Twenty separate cash prizes of $5.000, One hundred separate cash prizes of $1.000. (The price of each lottery ticket, the method of sales or distribution of such lottery tickets to the public - - - and the tenor of this whole paragraph are matters which our federal legislators can determine.) The control and administration of such lotteries shall be under the strict jurisdiction of the Dominion Government. Those who violate the rules thereof shall incur severe penalties.

(C) The beneficiaries of said bonus shall be: All those persons who honourably served in the various units of the Canadian forces during the Great War. The financial classification or apportionment of the said bonus shall be affected as follows: All those who served in an actual theatre of war will each receive $1.500. All those who served overseas outside of any actual war zone will each receive $1.000. All those who served in Canada during one year or more will each receive $500. All those who served in Canada a period of six months to one year will each receive $250. All those who served in Canada from three months to six months will each receive $100.

All those who served in Canada three months or less will each receive $50. (All these grants will be in the form of miniature bonds each in a denomination of $50.)

In order to commemorate two of the most brilliant exploits of the Canadian Expeditionary Forces during the World War, it would be desirable that the drawings of such national lotteries be held on the anniversaries of the battles of COURCELETTE and VIMY RIDGE.

SYNOPSIS, ETC.

In Canada and elsewhere, the horse races with pari-mutual betting, the gigantic daily stock markets speculations, etc. are permitted actions, then, why not also legalize and authorize annual national lotteries who would transform the millions of Canadian dollars spent each year in buying tickets of foreign sweepstakes or lotteries - - into a source of welfare for our veterans and their families, The said bonus will be profitable to every classes of our Society and will create a sure purchasing power, it will promote industry and trade and will assure a more even financial distribution in our Country. This bonus plan will not cost one cent to the State and it will procure substantial incomes to the National Treasury in the form of postal charges, etc. It is the sole practical, economical, commendable and reasonable solution to solve the complex problems of our veterans during this unemployment crisis period. The adoption of this ingenious measure would not affect the military pensioners and would give work to our idle youth. The lotteries are approved by several great European countries and we do not see why they should be considered as immoral in ours. Let us cooperate together for the event of a new era of Prosperity in our great Canadian Dominion.

The undersigned, have presently in hands several thousands of petitions duly signed by noted Clergymen, Citizens and Great War Veterans of this country, which ones are all in favour of the above State bonus plan.

Signed: *Wilfrid Lamoureux*

President.

ASSOCIATION NATIONALE DES VETERANS
DE LA PROVINCE DE QUEBEC

Eugène Labelle

Secretary-Treasurer.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124342

THE OTTAWA JOURNAL
The Journal Publishing Company of Ottawa, Limited.

WEDNESDAY, MARCH 30, 1938.

SWEEPSTAKE PROBLEM AN ECONOMIC ONE.

Premier HEPBURN and Mr. MACAULAY, Conservative leader in the Ontario Legislature, in supporting a private member's resolution urging that the provinces be given authority to operate sweepstakes for hospitals and charities, indicated that they thought this essentially a question of morals. On that ground Mr. HEPBURN, having in mind legal betting on horse races, legal gambling in the stock market, the legal disposition of articles of small value by charity raffles, denounced as "hypocrites" those who oppose lifting of the present ban on state-operated lotteries. Mr. HEPBURN is further reported to have said that he was "not going to be led around by the nose by any minister of the gospel".

* * *

But in the view of THE JOURNAL the argument against lotteries is essentially economic. They harm the entire social structure by concentrating public attention on the possibility of getting rich for a dollar or two, by emphasizing wickedly the belief that something may be had for nothing, and by taking out of business and industry vast sums of money that otherwise would be spent for food, for clothing, for amusements.

* * *

All of this was discovered in England many years ago. The Encyclopædia Britannica says that as long ago as 1698 lotteries were declared by law "public nuisances". Between 1709 and 1824 the Government there ran lotteries, secured considerable revenue from them, but the frequency of regulating Acts "indicates", says the Britannica, "the extent of the evil". Eventually, more than a century ago, the whole business was abolished when the sale of lottery tickets was made illegal. Canada's present law, which Mr. HEPBURN wants amended, is the same.

Here was a thorough trial of the lottery plan of raising public revenue, and its evils were found overwhelmingly to outweigh any advantages it might possess. It is quite true government lotteries still are operated in some countries, but they are not countries from which Canada has much if anything to learn.

* * *

The comparison of a sweepstake with a horse race or a modest bingo game is far from exact. In the one case there is the element of amusement and the wager, if an important by-product, still is not the whole thing. But money spent for a sweepstake ticket brings no such return in entertainment. It is a serious, and often a desperate, attempt to get for very little something of great value. And quite naturally the chance of getting $150,000 or a quarter million for a dollar or two appeals most powerfully to those with the least of this world's goods.

Men and women neglect or lose interest in their occupations. The family on the verge of destitution scrapes together its pennies to buy a ticket in the hope of winning a fortune, regardless of the immense odds. Perhaps this ticket means less money spent for milk, for clothing, for heat—means actual suffering for helpless children. Perhaps money received as official relief is used in this way. In such cities as Rio de Janeiro, Buenos Aires, and Havana there are visible evidences on the streets of the viciousness of lottery rackets.

It is intolerable that this sort of thing should be encouraged by the sale of tickets by the Government itself—that the Government of Ontario, for instance, should coax from the pockets of the indigent their hard-earned pennies on the bare chance of a windfall.

* * *

And business men—manufacturers, merchants, their employes—should not be under any misapprehension as to just what this means. Legal sweepstakes in Ontario unquestionably would receive subscriptions in the millions of dollars every year. There might be large subscriptions from the United States, but the bulk of the money would come from our own people. That would be money taken directly out of the producing and trading routes, and the consequences of so great a diversion should not be misunderstood. It is much better for business that 50,000 people each should have $2.50 than that one person should have $125,000.

* * *

Mr. HEPBURN denounced the Toronto *Star* as one of the greatest hypocrites because it carries stories of sweepstake winners and editorially opposed the resolution in the Legislature. THE JOURNAL is in the same position, and THE JOURNAL in its conscience finds no evidence of hypocrisy. The winners of sweepstakes are published because they are news—news because the sale of sweepstake tickets is not stopped. A newspaper is not supposed to approve of murder because it runs crime news. And it is obvious that one paper cannot of itself omit sweepstake news—even the Toronto *Globe* in its holiest days did not go so far, we believe.

But THE JOURNAL, convinced that sweepstakes are an economic vice, would welcome official action that would make the publication of sweepstake winners illegal and close the mails to foreign papers carrying them. Whether the Dominion Government has power under the present law to enforce such a ban we do not know. Probably it would require an amendment to the Criminal Code which makes lotteries themselves illegal—with unimportant exceptions. Such a ban certainly would reduce the present illegal sale of lottery tickets, because it would end the display of examples of sudden wealth that lead the unthinking to consider the rare winner and forget the tens of thousands who pay and do not collect.

* * *

The Toronto *Star* quotes this apt passage from a book by ERIC BENDER entitled "Tickets to Fortune":

> "Any state that legalizes lotteries will have a new source of income, but must also be prepared for these consequences:
>
> "It will gain a few thousands of dollars at a cost to its people of millions. It will increase its own relief problem. It will encourage new rackets and racketeers. It will not be able to frown upon other forms of gambling. It will do incalculable harm to the morals of its children and its adult irresponsibles. It will increase public disrespect for government."

That is all perfectly true. Another point is made by the Social Service Council of Canada, a Dominion-wide alliance of Protestant churches and organizations, which opposes lotteries because of their tendency "to dry up the springs of genuine philanthropy and with it the sense of personal responsibility for the well-being of our fellow-citizens".

We do not need to be "religious" to appreciate the force of that contention; indeed we can be quite the opposite of "religious" and understand the deep menace of sweepstakes.

* * *

The Ontario Legislature can do no more than recommend to Parliament that lotteries be made legal. There is now before the House of Commons a private member's bill that would accomplish this end. Such efforts have failed in the past, and it is to be hoped the present effort has no greater success. Perhaps, what we may fairly call the ill-considered declarations of Mr. HEPBURN, Mr. MACAULAY, and other public men will direct attention to the fundamental objections to sweepstakes as an economic vice.

The contention that our hospitals would benefit, the plea that much money is now going out of Canada on foreign sweepstakes that might as well be kept at home, are devil's arguments in support of a "racket" that from beginning to end seethes with duplicity and dishonesty.

FOR ADEQUATE PUNISHMENT OF RECKLESS DRIVERS.

Amendments to the Ontario Traffic Act proposed by Mr. MCQUESTEN, the Minister of Highways, should be welcomed by all careful motorists.

Mr. MCQUESTEN proposes the impounding of motor cars for three months following conviction of the driver for reckless or drunken driving, would widen the powers of the department and of magistrates to suspend or cancel driving permits and car licenses for offences against the public safety.

These are measures THE JOURNAL long has advocated. The province has given long and earnest trial to kindness, leniency and education in the matter of careless and arrogant drivers, and it is time that we learned whether better results cannot be obtained by more drastic treatment of them.

The drunken or reckless driver is a public nuisance and has lost his right to use of the highways. To take away his car is to make the punishment fit the crime. If he is driving a borrowed car the lesson is all the more emphatic and widely-distributed, because it should impress the owners of vehicles with the fact that their responsibility does not end when they turn over the keys. And to suspend the driving permit of an offender for months or years instead of days would be no more than adequate.

Last year Ontario set up a new and frightful record of highway accidents and fatalities. It is a situation not to be cured by wishful thinking.

PAUL MUNI SAYS NO THANKS!

PAUL MUNI, the film actor, returned from Europe the other day and was met at New York by a representative of the Manischewitz Foundation—whatever that may be—who wanted him to accept, from that organization, a bronze statuette as a "fine art" award for MUNI's interpretation of the role of Zola in the film "Life of Emile Zola".

"I don't accept any of those things", said MUNI, and the gentleman from the Manischewitz Foundation went away with his trophy. The public will give Mr. MUNI its own award, we think, for a rare display of common sense.

Busybodies have made something of a racket of this business of giving awards for films and performances, for the best play and the best book, and one wonders whether in many cases the dominant motive is not publicity for the awarder rather than honor for the recipient. Organizations of which nobody ever hears at any other time hasten to hitch their little wagons to the current star and the world is supposed to hear with breathless interest opinions the public already has formed—or selections in which the public has no interest because it does not concur.

Perhaps Mr. MUNI's brusque refusal of such a trophy will discourage the practice. His interpretation of Zola lives in the mind of every person who saw that excellent film, and that is the only award of much concern to the true artist.

THIS WOULD BE COMPULSORY VOTING.

Mr. GEORGE HENRY has a bill in the Ontario Legislature designed to stop "plumping" in municipal elections. Under its provisions as applied to Ottawa a Board of Control ballot would be invalid if votes were not marked for four candidates; an aldermanic ballot if two choices were not indicated.

This is, of course, a degree of compulsory voting. The elector need not go to the polls, but if he does, and wants his votes to be counted, he must vote in each case for as many candidates as are to be elected.

The scheme has, we think, the obvious disadvantage that it would lead to the casting of many uninformed votes. There are evils to plumping, but after all the plumper registers his preference. He is interested particularly in the success of one candidate, and as to the others he does not care. To compel him to mark his ballot for one or three others means a larger vote, but a vote with a greater element of chance and luck, a less intelligent vote.

NOTES AND COMMENT.

You never hear of a knocker using his little hammer to nail lies.

No man is ever so busy that he can't find time to make an occasional mistake.

In percentage of increase in operating revenue the Canadian National Railways did better last year than most Class One railways in the United States. Hardly a condemnation of public ownership. This considering that freight rates in Canada are lower and density of traffic less.

PUBLIC ARCHIVES
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CANADA

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

124343

#15

320 Bay Street, Toronto,
April 27, 1938.

Mr. Wilfred Lamoureux,
Association National Des Veterans,
Montreal, Que.

Dear Sir:

I have yourletter of 22nd instant, and can assure you that your representations will be given careful consideration when the subject matter is before the Senate Committee dealing with the Bill.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
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CANADA

TEL. FRONTENAC 8631

4616 RUE CHRISTOPHE-COLOMB

124344

ASSOCIATION NATIONALE DES VÉTÉRANS

Montréal, April 22nd, 1938.

M. 209.

Right Hon. Arthur Meighen,
Conservative Leader,
Upper House,
Ottawa, Ont.

Honourable Senator,

We respectfully submit to your benevolent attention and that of your distinguished Colleagues of the Upper House, copy of the enclosed resolution adopted by the members of the National Association of Veterans, at their general meeting held on Thursday, March 31st, 1938, at Montreal, P. Q.

ASSOCIATION NATIONALE DES VETERANS
DE LA PROVINCE DE QUEBEC

WL/PA.

Yours very respectfully,
Wilfrid Lamoureux
President.

4616, Christopher-Columbus St.,
Montreal, P. Q.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Hon. Senator Arthur Meighen, Conservative Leader.

124345

True copy of the minutes of the general meeting of the National Association of Veterans held at Montreal, P. Q., on Thursday, March 31st, 1938.

Unanimously Resolved:-

That the National Association of Veterans reiterate respectfully for the seven times near the Federal Authorities, its submission relatively to the National lotteries State bonus plan in favour of the Canadian ex-service men. which one would not cost one cent to the Country's Treasury, who would create a huge purchasing power and who would bring up the general renewing of business in this economical crisis period and furthermore, the said Association, would approve any initiative from the Federal Legislators who would permit to include to the said bonus plan, a financial reserve which could be remitted to the interested Provinces for helping hospitals and universities, etc., (such as the principle of the Old Age Pension Law) wheter in operating three annual national lotteries strictly controlled by the Dominion Government, considering the fact that the tickets of the said lotteries would be sold in every parts of Canada and then, if the said Provinces should organize each one an annual lottery, this would make nine lotteries per year and consequently would bring a multiplication of lotteries in Canada which would be undesirable and prejudicial to the aim we want to attain.

That a copy of this resolution be forwarded to the proper Authorities and to the newspapers for publication.

Adopted unanimously.

- (certified copy)

ASSOCIATION NATIONALE DES VETERANS
DE LA PROVINCE DE QUEBEC

Signed: Wilfrid Lamoureux
President.
Eugène Labelle
Secretary-Treasurer.

Montreal, March 31st, 1938.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
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CANADA

On the Occasion of the 20th anniversary of the signature of the Armistice.

Petition in favour of the bonus plan preconized by the National Association of Veterans of the Province of Quebec

124346

Copy of petition presently in circulation through this Continent.

We the undersigned, Canadian citizens and British subjects, hereby certify that we are favourable to the following bonus plan and that we respectfully beg the Federal Authorities of Canada, to take the necessary steps for its immediate adoption and that we will not cease to pray until the realization of this submission.

SUMMARY:

(A) Authorization and legalization with respect to the holding of two annual lotteries the net proceeds of which will be applied to pay the interest and sinking fund charges of a special long term State loan and to be utilized to provide for the payment of a bonus to veterans in the form of miniature bonds in denominations of fifty dollars ($50). The said lotteries shall cease upon the complete and final refund of the said loan.

(B) An approximate sum of five hundred thousand dollars could be distributed to the winners of each draw, divided as follows: 2 capital prizes of $50.000 each in cash. Four separate cash prizes of $25.000. Ten separate cash prizes of $10.000. Twenty separate cash prizes of $5.000, One hundred separate cash prizes of $1.000. (The price of each lottery ticket, the method of sales or distribution of such lottery tickets to the public - - - and the tenor of this whole paragraph are matters which our federal legislators can determine.) The control and administration of such lotteries shall be under the strict jurisdiction of the Dominion Government. Those who violate the rules thereof shall incur severe penalties.

(C) The beneficiaries of said bonus shall be: All those persons who honourably served in the various units of the Canadian ~~or Allied~~ forces during the Great War, ~~who are British subjects since August 4, 1914, who were then domiciled in Canada, who are still domiciled therein and will be domiciled in the future~~. The financial classification or apportionment of the said bonus shall be affected as follows: All those who served in an actual theatre of war will each receive $1.500. All those who served overseas outside of any actual war zone will each receive $1.000. All those who served in Canada during one year or more will each receive $500. All those who served in Canada a period of six months to one year will each receive $250. All those who served in Canada from three months to six months will each receive $100. All those who served in Canada three months or less will each receive $50. (All these grants will be in the form of miniature bonds each in a denomination of $50.)

In order to commemorate two of the most brilliant exploits of the Canadian Expeditionary Forces during the World War, it would be desirable that the drawings of such national lotteries be held on the anniversaries of the battles of COURCELETTE and VIMY RIDGE.

SYNOPSIS, ETC.

In Canada and elsewhere, the horse races with pari-mutual betting, the gigantic daily stock markets speculations, etc. are permitted actions, then, why not also legalize and authorize annual national lotteries who would transform the millions of Canadian dollars spent each year in buying tickets of foreign sweepstakes or lotteries - - - into a source of welfare for our veterans and their families, The said bonus will be profitable to every classes of our Society and will create a sure purchasing power, it will promote industry and trade and will assure a more even financial distribution in our Country. This bonus plan will not cost one cent to the State and it will procure substantial incomes to the National Treasury in the form of postal charges, etc. It is the sole practical, economical, commendable and reasonable solution to solve the complex problems of our veterans during this unemployment crisis period. The adoption of this ingenious measure would not affect the military pensioners and would give work to our idle youth. The lotteries are approved by several great European countries and we do not see why they should be considered as immoral in ours. Let us cooperate together for the event of a new era of Prosperity in our great Canadian Dominion.

Signed:

Reg. No.	Surname & Name	Profession	Address

FÉDÉRATION NATIONALE DES VÉTÉRANS DE LA PROVINCE DE QUÉBEC

(P.S. 20 Signatures only by petition.)

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124347

#16

133 Bethune St.,
Fort William, Ont.
Feb. 22, 1939.

Hon Arthur Meighen,
Ottawa, Ontario.

Dear Mr. Meighen:

The Superior Presbytery of the United Church of Canada meeting in regular session in St. Paul's United Church, Port Arthur, on Feb. 13; passed the following resolution:-- "Under the impression that further efforts are to be made to legalize Sweepstakes in Canada, your committee recommends that this Superior Presbytery re-affirm its conviction of the danger and futility of such devices, and declares its determined opposition and attitude be forwarded to our Local Members of Parliament, as well as to Leaders of the Political Parties and the Parliament and Senate of Canada, and urge our Members of Parliament to exercise their influence against such effort at legislation.

Yours very truly,

H. A. Rivers

Secretary.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

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CANADA

TEL. FRONTENAC 8631

4616 RUE CHRISTOPHE-COLOMB

124348

L'UNION NATIONALE DES VÉTÉRANS

Letters
16

Montréal, February 23rd, *1939.*

Right Hon. Senator Arthur Meighen,
Conservative Leader,
Upper House,
Ottawa, Ont.

Honourable Leader,

We respectfully submit to your benevolent attention and to that of your distinguished Conservative Colleagues of the Senate, enclosed bilingual copies of the resolution unanimously adopted by the members of the National Union of Veterans at their annual meeting held at Montreal, P. Q. , on tuesday, january 31st, 1939.

Yours very respectfully,

L'UNION NATIONALE des VÉTÉRANS

WL/PA.

Wilfrid Lamoureux
President.

4616, Christopher-Columbus St.,
Montreal, P. Q.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

Right Hon. Arthur Meighen, Conservative Leader at the Senate.

124349

True copy of the Minutes of the Annual Meeting of the National Union of Veterans held at Montreal, P. Q., on Tuesday, January 31st, 1939.

Unanimously Resolved:-

"Considering; that after having served honourably and sacrificed everything to avoid the invasion of Canada during the last World conflict, the ex-soldiers have been ironically obliged in addition, to bear on the heavy taxation burden especially accumulated by the extravagant profits and wages done by the purveyors and labourers in supplying our participation to the Great War, whilst the said ex-soldiers received the very small pay of $1.10 per day of 24 hours in constant peril and furthermore, at least 80 per cent of the latters cruelly and injustly suffer of the deplorable effects of the actual economical crisis".

Be it unanimously resolved; that the National Union of Veterans reiterate again with determination near the Federal Authorities, its submission in favour of a national lotteries State bonus for the Canadian ex-service men, which one would create a huge purchasing power and would promote general business in Canada and would procure work or a suitable civil re-establishment for those who served honourably during the Great War and the said Union respectfully beg the Dominion Legislators to adopt this practical and economical measure at the actual Parliamentary Session.

That a copy of this resolution be forwarded to the proper Authorities and to the newspapers for publication.

Adopted unanimously.

(Certified copy)

L'UNION NATIONALE des VÉTÉRANS

Signed: Wilfrid Lamoureux
President.

Eugène Labelle
Secretary-Treasurer.

Montreal, January 31st, 1939.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
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CANADA

Très Hon. Sénateur Arthur Meighen, Leader Conservateur au Sénat.

124350

Extrait conforme des Minutes adoptées au cours de l'Assemblée Annuelle de l'Union Nationale des Vétérans, tenue Mardi, le 31 Janvier, 1939, à Montréal, P. Q.

"Considérant, qu'après avoir honorablement servi et tout sacrifié pour éviter l'invasion du Canada durant le dernier conflit mondial, les anciens combattants ont été ironiquement obligés de supporter par surcroît le lourd fardeau des taxes surtout accumulées par les profits et les salaires extravagants faits par les fournisseurs et les ouvriers en fournissant notre participation à la Grande Guerre, tandis que les dits combattants ne recevaient que la minime soldé de $1.10 par journée de 24 heures en péril constant et que de plus, au moins 80 pour cent de ceux-ci souffrent cruellement et injustement des effets déplorables de la présente crise économique".

Il est résolu à l'unanimité; que l'Union Nationale des Vétérans réitère de nouveau avec détermination auprès des Autorités Fédérales, sa recommandation en faveur d'un boni de l'Etat au moyen de loteries nationales pour les anciens combattants Canadiens, lequel créérait un solide pouvoir d'achat et stimulerait les affaires en général au Canada et procurerait du travail ou un rétablissement civil convenable pour ceux qui ont honorablement servi durant la Grande Guerre et la dite Union demande respectueusement aux Législateurs du Dominion d'adopter cette mesure pratique et économique à la présente Session Parlementaire.

Que copie de cette résolution soit envoyée aux Autorités compétentes et aux journaux pour publication.

Adopté à l'unanimité.

(vraie copie)

L'UNION NATIONALE des VÉTÉRANS

Signés: Wilfrid Lamoureux
Président.

Eugène Labelle
Secrétaire-Trésorier.

Montréal, le 31 janvier, 1939.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 195)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

ST. PAUL PRESBYTERY
OF THE
UNITED CHURCH OF CANADA

124351

St. Paul, Alberta,
February 24th, 1939.

H 16

Right Honorable Arthur Meighen,
The Senate,
Ottawa.

Dear Sir:

I am instructed to draw to your attention the following resolution passed at a meeting of the St. Paul Presbytery of the United Church of Canada, meeting at Waskatenau, Alberta, on February 15th, 1939, namely:-

"WHEREAS the Christian Church is definitely opposed to gambling of all sorts, whether in business practices or in social life;

AND WHEREAS sweepstakes and lotteries are specific means by which gambling may be carried on;

AND WHEREAS there seems to be agitation in some quarters for the enactment of such legislation as will provide the keeping on of sweepstakes and lotteries without restraint, in the guise of charity;

THEREFORE BE IT RESOLVED that the St. Paul Presbytery of the United Church of Canada, meeting at Waskatenau this 15th day of February, 1939, urgently request the Dominion Parliament now in session, that the regulations regarding sweepstakes and lotteries be not modified, and that the privileges be not extended."

We hope that you will take this expression of opinion into consideration should the Sweepstakes Bill come up for debate at the present session.

Very sincerely yours,

W. J. Collett

W. J. COLLETT.
Secretary.

Per:

WJC:MH

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124352

320 Bay Street, Toronto,
March 7, 1939.

#16

F. D. McLennan, Esq.,
Clerk of Session,
Knox United Church,
Cornwall, Ont.

Dear Sir:

Your letter of March 1st regarding the proposed Bill to legalize the operation of Sweepstakes in Canada has been received by Mr. Meighen, and I am directed to advise you that your representations will be very carefully considered when the Bill reaches the Senate.

Yours very truly,

E. Private Secretary.

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KNOX UNITED CHURCH

Cornwall, Ont.

March 1st, 1939.

The Session of Knox Church is concerned to know that a bill may be introduced in Parliament, which if passed, will amend the Criminal Code to permit the operation of Sweepstakes.

We believe that action of this kind would be, in every sense, an injury to the moral and financial wellbeing of the Citizens of Canada.

We note that, under recent experience of Sweepstakes in other lands, and under former attempts to legalize Sweepstakes in Canada, Hospital Associations and other responsible Public Bodies, in addition to Church Courts, have recorded their considered and emphatic disapproval.

In making this present declaration we believe, that we are expressing the mind of the Congregation we represent and are also in accordance with the general sentiment and conviction of the Christian Churches throughout the land.

F. D. McLennan.
Clerk of Session.

James Jamieson.
Moderator.

To.
Hon. Arthur Meighen,
The Senate,
Ottawa.

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THE UNITED CHURCH OF CANADA

PASTORAL CHARGE: BELMORE, MCINTOSH AND MILDMAY

MINISTER: REV. W. J. RAYNER

124354

THE MANSE, BELMORE, ONT.,

16

March 17th. 1939.

Rt.Hon. Arthur Meighen, Esq.,
Leader of the Senate,
Houses of Parliament,
Ottawa, Ontario.

Dear Sir,

At the regular services of the three appointments on this pastoral charge, viz., Knox United Church, Belmore, McIntosh United Church, and Mildmay United Church, on a recent Sabbath, the congregations expressed their strong disapproval of any legislation that proposes to permit or legalize Sweepstakes, Lotteries or any similar gambling devices within the Dominion of Canada, and asked me to convey this expression to you.

The congregations on the occasion of the vote, above indicated, were quite representative of the sentiment of the community in this matter and represented a considerable number of the voters in this part of this constituency.

Yours very truly,

W. J. Rayner.
(Minister).

W. J. Rayner

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A. H. CUTTLE
SECRETARY

The Incorporated Synod of the Diocese of Toronto
Diocesan Laymen's Council
Synod House
135 ADELAIDE ST. EAST
Toronto 2, Canada

24355

16

March 25th, 1939.

Dear Sir:-

The fact that many persons are more or less indifferent to the effects of "Gambling" on individuals, and on the National Life of Canadians, is a matter which seriously concerns you as a Legislator of our Country.

Ignorance of the subject enables self-interested workers to represent "Gambling" in a favorable aspect and, in order that you may be informed of the facts, I ask you to read the enclosed booklet.

Yours sincerely,

Chairman,
Diocesan Laymen's Council.

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1 2 4 3 5 6

"To drive a nail, you must hit time and time again".

(Victor Pauchet)

p. 1—70

LOTTERIES

Why they Must be Legalized for us.

by

LEON TREPANIER

Alderman for LaFontaine Ward in the City Council of Montreal

MONTREAL, APRIL, 1936

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To my Readers:

I have never played cards.

I have never been in a gambling den.

I do not know a single bookmaker.

I do not know where crap games flourish.

I have been on a race track four or five times in half a century — I did not ask for tips nor did I bet.

I have seen the Casino at Monte Carlo and at Deauville — from the outside.

I have never traded on the Stock Exchange.

BUT—

I ALWAYS HAVE A SWEEPSTAKE TICKET IN MY POCKET!



Why I Wrote this

This brief documentary study I am offering to those who think is not a thesis on lotteries.

It has been inspired by the alarming situation in which our public authorities find themselves today, unable to meet the needs of our welfare organizations of all categories: hospitals, hospices, orphanages, maternity institutions, baby clinics, dental clinics, anti-tuberculosis dispensaries, convalescent homes, vacation camps, etc.

To a delegation of hospital doctors who went to see him to request higher grants to their institution so that it could better care for its medical staff, Premier Taschereau had to reply: "It is impossible for us to tax the province more for the maintenance of hospitals". ....

Mr. Taschereau was right.

Taxes — we have enough. On the other hand, the doctors' move was justified by the additional burden hospitals have laid upon them, in recent years because of unemployment.

Unemployment — at least in the way we handle and nourish it in this country, or have done so for almost six years — does not breed merely idleness, faint-heartedness, contempt for effort and moral disorder.

Behind the man without a job, head of a family, there are wife and children who, in the great majority of cases, are **absolutely without medical care,** and that care has become necessary because privation and strain have undermined the health of the mother. And the offspring have felt the effect.

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An Inadequate Budget

The City of Montreal at this moment is distributing relief to more than 40,000 families representing near 176,000 souls.

When everybody was working, the neighborhood doctor figured in the family budget. Only urgent cases went to hospital.

Unemployment arrived. The neighborhood doctor continued to give his services free of charge to the poor recommended by charitable institutions, but, in all justice, he could hardly give similar service to all unemployed, become State pensioners.

At once there was a rush for outdoor departments at hospitals and other institutions, of such proportions that special control had to be instituted to prevent abuses.

Upon us rests an imperious duty; to prevent social disaster.

Unless we are willing to resign ourselves to seeing spring up a generation of rickety and anaemic Canadians, we must set to work immediately.

Protection of children, in all its forms, should be one of our first efforts.

To save the generation of tomorrow, maintain our human assets of today, we would have to **double our public assistance budgets.**

That cannot be done without more taxes.

And there can be no more taxes.

OUR ECONOMIC SITUATION

The Dominion of Canada is spending every year an average of $100,000,000 to $125,000,000 more than it collects; every budget has its deficit. This years' deficit is $160,000,000. Loans to the Western provinces top $100,000,000.

The federal government, at the opening of 1936, counted on spending at least $40,000,000 on unemployment. It is now going to spend $60,000,000 on relief works alone.

The province of Ontario having ended its fiscal year March 31, 1935, with a deficit of $10,000,000, the provincial treasurer prepared to increase taxes by $15,000,000 a year. The total cost of relief in Ontario for the calendar year ending December 31, last, was approximately $35,000,000.

The province of Quebec ended its last period, June 30, 1935, with a revenue deficit of $4,900,000 but over $8,000,000 borrowed for unemployment charges in addition. This years' deficit nears the million, apart from what will be needed for Old Age Pensions when they come into force.

The province of New Brunswick has announced its sixth consecutive annual deficit.

The City of Toronto, the Queen City, the community we are so often advised to copy from an administrative viewpoint, not long ago had to make an emergency loan of SEVEN MILLIONS OF DOLLARS to be able to pay teachers' salaries and settle other pressing debts.

Toronto must tax to balance its budget.

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.. AND MONTREAL..

Montreal has exceeded its borrowing power. In 1935, the city added $8,500,000 to taxes.

To date, to keep alive its own unemployed and thousands who drifted in from all parts of the Dominion — doing that without asking **one hour of work** from them in return — the city has increased its debt by nearly **$20,000,000.**

In addition, Montreal has cut its grants to hospitals, to charitable and welfare institutions and prospects of improvement in that direction are slim unless there is resource to still more borrowing.

The economic situation of the country as a whole, while not worse than that of many other countries, is far from being of the best.

Now, what has been done elsewhere, in the great majority of civilized countries, at least to safeguard human assets, maintain public health during a crisis in which mind and body suffer; what, too, has been done to aid the taxpayer in meeting the tremendous burden of trying to offset unemployment?

Temporary financial measures have been adopted. They have succeeded.

In all nations of the Empire, Canada **alone** has not employed them.

Of all civilized countries, alone Britain, the United States and Japan have not yet revived what they had in days of yore; lotteries.

Paradoxically, in Britain and the United States where lotteries are now prohibited, with the pretext that this form of voluntary contribution provokes passion for gambling, we find the two countries where, since suppression of frenzied speculation, betting and gambling **dominate more than everywhere else.**

The British are the biggest buyers of lottery and sweepstake tickets in the world, spending for them every year about **two hundred millions of dollars.**

A royal commission formed some years ago in Britain to probe clandestine sale of tickets of the Irish sweepstake, established that the sum of the sale in England alone, for the first eight drawings, was approximately **90 millions of dollars,** or about 69 per cent of the total sale.

In the United States, postal authorities estimate that the American public spends more than four billions per annum for the purchase of illegal lottery tickets, betting and gambling of all kind.

Strange to say I know an hon. member who sits not very far from me who, I have no doubt, will speak against the present bill and who, nevertheless, has in his pocket a ticket on the English Derby to be run on June 6, 1934. I respectfully invite him to show his ticket when in a few minutes he rises to oppose my views.

Onesime GAGNON, M.P.,

(House of Common, May 22, 1934.)

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The disastrous effects of Prohibition in the United States are all too well known.

Prohibition was the work of a group of Puritans, pontiffs of "Christian morals"; it led bands of criminals to build colossal fortunes by murder, theft, kidnapping and other misdeeds.

It will ever be to the honor of the Province of Quebec that alone on the American continent it preserved its common sense and good judgment, that day when attempt was made to suppress a custom which had been consecrated far back in the days of the New Testament.

And it was only fitting that, from every corner of Canada and of the United States, people came to the old Province of Quebec later to copy the law which governs us and which has given such excellent results.

.. A PRAYER TO THE SISTER PROVINCES ..

The province of Quebec has taken the initiative in a great national movement and solicits the aid of the sister provinces in inducing our administrators at Ottawa to amend the Criminal Code so as to allow the provinces to operate lotteries **"the yield of which shall be utilized exclusively for educational purposes or for public assistance, undertaken in a province and designated by the Lieutenant-Governor-in-Council".**

THE DAVID BILL

That was the substance of the David Bill in 1934.

On March 14, 1934, was submitted to the Legislature Bill No. 41 entitled: "An Act to authorize

the organizing of a lottery for educational and public charitable purposes".

After some comments, Mr. Maurice Duplessis, leader of the Opposition, generously rallied to the measure, and the Bill was unanimously voted in the Assembly.

Some days later, the Legislative Council, in turn, unanimously ratified the decision of the Lower House.

AND HON. C. H. CAHAN WAS FOR IT

Still later, Hon. C. H. Cahan, then Secretary of State, said in the House of Commons:

"I believe there are very strong objections to the "organization and maintenance of national lotteries, "and sitting as an hon. member of this Chamber "and dealing with a national question I am bound "to exercise my judgment as to the moral or im- "moral effects of the proposed legislation. But "our ideas of morality differ—as between individ- "uals in this house they differ; as between the "people resident in the different sections of the "Dominion, they differ and I have always hesitated "to enact criminal acts which a large body of peo- "ple in the country regard as legal, moral and de- "fensible. Therefore I think this bill in a rather "clumsy fashion if I may say so, endeavours to "usurp provincial jurisdiction. But with regard to "whether this parliament should except from the "operation of the criminal code lotteries, organized "under the law of a province which was passed un- "animously by both houses of the legislature of

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"that province and which are to be carried on dir-
"ectly by the government of the province for two
"provincial purposes, namely hospitals and educ-
"ation—with regard to that principle, may I say
"that if such a measure should come before this
"house of Commons, I could not give my vote in
"favour of declaring that, to be criminal, which the
"whole people of the province, as represented by the
"unanimous vote of the legislature, have declared
"to be desirable and moral. Therefore, on that is-
"sue if the bill introduced by the hon. member for
"Charlevoix-Saguenay comes before the house for
"decision I think my position is clear. Unless I
"hear some very strong objection which up to the
"present, I have not heard, I think I should have to
"except the provincial law from the operation of the
"criminal code and to that end would vote for the
"measure. — (Hon. C. H. Cahan, House of Commons, May 22, 1934).

THE BILL OF P. F. CASGRAIN (Charlevoix)

During that same session, Mr. Casgrain, M.P., for Charlevoix, had presented in his name Bill No. 83, aiming at an exception from the law of prohibition, for lotteries organized by a province of the Dominion of Canada for purposes of education or public assistance, under the aegis of a law of the Legislature of the province affected. The Bill, however, was not discussed because of the precedence given to Mr. Fraser's Bill, which suffered a six months' hoist.

"CONSCIENTIOUS OBJECTORS"

At the moment of the vote, Messrs. Bennett, Mackenzie King and Woodsworth, the three political leaders, were seized by scruples.

All three denounced the principle of lottery legislation and carried with them sufficient partisans to insure defeat of the Bill by a vote of 105 to 57.

To legalize lotteries would be to violate Christian morals... teach the young to gamble... a principle of "unsound economy".

And the Stock Exchange, whose unbridled speculations multiply suicides, ruin homes and turn thousands of young people into criminals; is the Stock Exchange a school of morals?

Allow a poor devil to buy legally a $1 lottery ticket, that is teaching him to gamble! But, on the other hand, the Dominion Parliament, by a law adopted in 1912, allows anyone to toss away his savings at races at Woodbine, Connaught Park, or Blue Bonnets. That is not encouraging gambling!

A principle of "unsound economy"!

It is to be presumed that the administrators of **thirty civilized countries** which at present use national lotteries to all the unemployed, or help welfare organizations, or relieve taxpayers, are inferior to those governing countries which, like Britain, the United States and Canada, prefer to let their citizens send millions abroad rather than benefit themselves?

If the principle of "sound economy" consists simply in imposing new taxes to balance a budget, evid ently our administrators are right.

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THE SENATE IS SNUBBED

Every time at Ottawa when an M.P. gets up to demand abolition of the Senate, there is thunder of protest.

The Senate is the safeguard of our institutions; the Senate is the one barrier against the assaults of outright Socialism; the Senate is the areopagus of the nation, the Council of Wise Men, and so on...

On April 12, 1934, the Senate, by a vote of 37 to 20, passed the Barnard Bill, legalizing a national lottery for the profit of hospitals, and the Bill was sent to the House of Commons "for final approval".

Messrs. Bennett and King who so many times had proclaimed the integrity, the wisdom, the great common sense and the sane judgment of the Upper House invited the Chamber to reject this measure of the Wise Men of the nation.

Mr. Onesime Gagnon, M.P. for Dorchester, had, in the course of his brilliant plea in favor of lotteries, said:

"In the course of the two sessions preceeding this "one, the Upper House adopted by a wide majority "bills similar to that we are examining at this mo- "ment (lottery or sweepstake bill). I know in Can- "ada no group of persons more opposed to extreme "or revolutionary measures than are members of the "Senate. It is certain that the senators represent "moderate and respectable views of right-thinking "and traditionalist Canadians who also fear revolu- "tionary legislation. **Do members of the House of "Commons wish to make the people believe they**

"have more wisdom, more common sense than have "members of the Senate?"

FEAR OF A PLEBISCITE

Mr. Maurice Dupré, then Solicitor-General, proposed a country-wide plebiscite when lotteries or sweepstakes were under debate.

His suggestion was not accepted because public opinion on the subject then was too well known.

To the fore, then, was the result of a referendum held in Vancouver in 1932, when taxpayers, by a vote of 25,735 against 9,777, had approved the principle of legalized lotteries.

There was, too, the resolution of February 14, 1934, of the Central Council of the Trades and Labor Congress of Canada, demanding, in the name of its 200,000 members, legalization of lotteries.

But there was fear above all, of the Province of Quebec, on a public consultation, since the unanimity of its Legislature had clearly pointed to decision on the issue.

Opponents — caught by scruple — were to triumph, and they triumphed.

It is told of Mr. Hepburn, premier of Ontario, that, with his customary frankness, he replied to someone who asked his opinion on legalization of lotteries: **"How can I be against when I constantly have sweepstake tickets in my pockets?"**

"In virtue of a law adopted by the Canadian Parliament in 1912, you can spend all the money you like in betting on horse races".

(Senator TANNER, of Pictou — February 28, 1934)

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.. .. .. CONCLUSIONS OF A THESIS .. ..

During the weeks I have given over to this study, I have read about everything available both for and against **lotteries.**

Among those who have analyzed for us the subject in a wholly disinterested manner, I mention with pleasure, one of our graduates of the School of Higher Commercial Studies of Montreal, Mr. Jean Paul Larue.

In March, 1935, Mr. Larue presented a thesis on lotteries.

He opens with general commentaries on lotteries, traverses their history in all countries, then sets forth argument for and against lotteries:

1. — The psychological argument; human nature and contingency of events;

2. — The **moral** argument: the pro and con; Christian morals and lotteries — a nation's standard of honesty;

3. — The **statistical** argument; statistical tabulation of lotteries and their financial results;

4. — The **economical** and **financial** argument:

CONCLUSION — application of his study to Canada.

And here is Mr. Jean Paul Larue's conclusion:

"It now remains for us to apply all these considerations to Canada, and, finally, to ascertain whether establishment of lotteries becomes more and more deserving of consideration.

"Moralists, economists and financiers have thrown themselves into endless discussion. Parliaments, federal and provincial, have been seized of the question. It reached its apex in the Bill offered to the House of Commons on May 22 last by Mr. Fraser, M.P. for Cariboo. The while lottery tickets circulate all over the country; everybody has one and everybody knows it. The law is practically inoperative; but, nevertheless, there is refusal to admit even the principle of lotteries.

"And there is first of all objection on grounds of moral principle, since the people of Canada above all are religious. But we have seen what must be thought of the moral side of lotteries. Of two evils, choose the less. More than that, a well-organized lottery perhaps would divert our people from those dens and those bookies where evil daily works untold harm, not to mention Chinese lotteries which flourish everywhere and which seem to be of moral aspect somewhat doubtful.

"Besides, is not the popular lottery for the mass what the Stock Exchange and the horse race is for high society? Recognition of the principle of lotteries seems, then, to be another means of that conciliation of Capital and Labor which daily becomes more and more essential and whose importance is gradually being accepted.

"The lottery would retain for the country capital which annually flees to Ireland, Newfoundland and to the Calcutta Sweepstake.

"The law is inoperative. It prohibits mailing of lottery tickets, it authorizes seizure of the tickets and of the cash collected. The system of pseudonyms, circulation of tickets from hand to hand, and entry into the country of winnings in small instal-

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ments all render the law inefficacious. Tickets are destroyed or burned when seized; money is sent back to source when it is caught. There is practically no penalty; and in any event a law ignored by the majority of citizens has little sovereignty. We can well compare the banned lottery to Prohibition.

"It is a terrible evil substituting for a tolerable evil.

"Is not the contrary logical and moral? While Man is Man, and lottery is lottery, there will be tickets circulating and fortunes won in the shadow of the law; and those who cannot transgress the law under the threat of penal sanction will transgress it in much more deplorable manner because contrary to good custom and true morals.

"Therefore, it would seem that legal recognition of the principle of lotteries imposes in our countries. But would the lottery be subject to the federal authority or to the provinces? And in what form?

"We find the exact reply to the first of these questions in the report of debates on the lottery question of late years in the Quebec Legislative Assembly and the House of Commons at Ottawa.

"The B. N. A. Act tells us that the legislature of each province may legislate exclusively on questions entering into the following categories:

"Italy derives more than $40,000,000 annually from Lotteries".

(Heading of a dispatch, Montreal Daily Star, September 29, 1934)

7. — The establishment, maintenance and direction of hospitals, asylums and charitable institutions within the province, exception made for marine hospitals. (Article 92, B. N.A. Act).

"On the other hand, the Criminal Code prohibits lotteries in Article 236. There is exception only for government loans, charity bazaars when it is question of objects not exceeding fifty dollars in value and already placed on sale, finally, for the lotteries of the Art Unions of Ireland and England. And the Criminal Code is under the authority of the federal government.

"Power to authorize lotteries seems, then, to rest with the provinces. But the Criminal Code prevents them from legislating in this matter. Amendment of the Criminal Code, therefore, would give to the provinces the right to create lotteries.

"That is one aspect of the question. But, since lotteries in the different provinces would engender ruinous competition, opinion seems to favor leaving the initative to the federal authority. That is what Mr. Taschereau himself declared:

"I would prefer, so far as I am concerned, that we "have one great lottery under the direction of the "Ottawa government. We wish Ottawa to create "a national lottery like that in France. That would "be better than having a lottery in each province "because with provincial lotteries there would be "competition between them, and we don't know "where that would lead. Whereas, if we have a "national lottery under the auspices of the national "government, I know that apart from being honestly

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"conducted, the profits will be divided between the "provinces on a population basis to be used for "charitable and educational purposes".

"We rally to that opinion for a lottery under the control of Ottawa. **If the federal government absolutely does not wish to admit lotteries to its control, then, by amendment of Article 236 of the Criminal Code, let it allow the provinces to legislate on the question.**

"And now what form should we give to our lottery? It should not be question of "loto" (game of chance) because all countries have repudiated that on account of the abuses it breeds. Prize loans, if we legalize the principle of lotteries for the profit of the State, seem to be the best form, because they satisfy both savings and the desire for speculation. The plain lottery leads to grave abuses, and I do not believe it would be opportune to legalize it in a country as young as ours.

"The sweepstake, because it is so well known to our people, deserves consideration; and class lotteries prevent many abuses.

"Ottawa does not seem to have much trouble in floating its loans among the Canadian public. Prize loans would be authorized in times of difficult financing, and to balance any item in the budget. Strict regulation, honest administration, control by Ottawa should be the basis of our national lottery. A high proportion allocated to prizes, reasonable expenses and the balance ought to be employed for educational and charitable purposes. The State would derive its profit in the form of a tax on each

ticket, as in Germany. Such is the system we consider best adapted for repression of the abuses existing in our country.

"Always in the name of the great principle which has it that of two evils choose the less, we admit that creation of a lottery under well-fixed regulations ought to replace the abuses, as much moral as financial and economic, which flourish around us. Never forget: the principle of the lottery is the same as that of alcohol. Better legalize than endure crying abuses. Morals are satisfied, as well as philosophy, finance and economy; and thus we shall take one step more toward that social progress we ought to desire and wish always more sensible for the common cause".

For the information of the reader, we give details of different forms of lotteries:

PRIZE LOANS

"The prize loan offers a highly interesting characteristic; it satisfies at once the law of savings and the desire for gambling innate in the human heart. It is a form of State lottery. It is tied to investment by its savings aspect; and, by its speculative nature, it is attached to the lottery. The basis is the debenture. The mechanism of the debenture is well known. It is a loan; the borrower commits

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Among opponents of lotteries legislation, apart from those known as "conscientious objectors", are: the underworld, professional gamblers, Chinese lottery operators, keepers of gambling houses, bookmakers, etc.

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himself to reimburse the capital at the end of a number of years, and, in the interval, to pay annual or semi-annual interest. In prize loans, the issue of the bonds includes a clause for reimbursement of capital and payment of annual interest. Thus, saving is satisfied.

"But instead of paying interest at 4 per cent per annum, the borrower pays only 3 per cent; and the 1 per cent of difference on each bond coupon goes into a common fund constituting the capital for the prizes to be drawn for each year among bondholders.

"Such a loan thus satisfies saving and the taste for the game of chance. Lure of the prizes allows the borrower to grant reduced interest, a fairly low rate generally below of the normal interest rate on the market at the moment of floatation; on the other hand, he must gather resources for reimbursement of the capital and payment of the prizes". (Jean Paul Larue).

"The lottery prize is pure chance for the player, while in prize loans, the total of the prizes represents, for the subscribers as a whole, mere restitution of interest undistributed but shared inequally among the lenders". (P. Hendelsman, State Lotteries in Europe, p. 14).

CLASS LOTTERIES

This originated in the Netherlands. Its operation is complicated and calls for a highly developed organization.

"Classes, says Pierre Coste (State Lottery, p. 19)

mean the series of maturities or terms staggered over periods more or less lengthy, giving occasion each time to drawing of a fraction of the prizes to be distributed. Generally, there are five or six classes."

Price of the ticket is fairly high; that is supposed to remove the poor from this kind of lottery, but the ticket is frequently split and becomes payable in several shares.

"Each ticket sold", Coste adds, "has to do only with a determined class and all instalments must have been paid to be able to participate in the entire series of drawings announced. To encourage players, the largest prizes are reserved for drawings in the last class." About half of the yield of the sale of tickets forms the total of prizes to be distributed. That is theoretical. "In practice", says Mr. Jean Paul Larue in his thesis, "lotteries by classes reserve about 80 per cent of the capital for the winners; in that way, almost one half of those playing find themselves reimbursed at least to the extent of their investment. The high price of the ticket, the high proportion of capital devoted to prizes, and division of the drawing into several stages under conditions which eliminate the non-stable elements form an operation more moral than the Italian loto and have caused its adoption by the majority of countries".

THE SIMPLE LOTTERY

Created in Western Europe, the **simple** lottery is widespread because it is facile of organization and rapid of liquidation. It is drawn following a plan established in advance and covers issue of tickets

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whose yield constitutes the capital at stake. Chances are limited, and the price of the ticket is low. Accessible to the poor classes, the simple lottery runs the same risks and criticism as loto in this connection. However, it is possible to modify the conditions and to give it a character conform to the most elementary ethics. But the necessity for publicity and tendencies toward very slight chances remain two great inconveniences of the simple lottery". (Jean Paul Larue).

THE IRISH SWEEPSTAKES

"The system of Irish sweepstakes is markedly superior to that of other lotteries: it reposes on double uncertainty and on a double element of chance. The law of June 4, 1930, defines the sweepstake as follows: "Drawing or distribution of prizes by numbers, or by hazard, according to the result of a future, uncertain or other event." That future event, most of the time, is a horse race; the Cambrigeshire Handicap, the Grand National, the Derby, and the prizes are distributed by number and by country, according to the status of that country in the lottery capital fund. In the sweepstake of 1933, distribution of the prizes was as follows: **300** prizes for England, **49** for the United States, **31** for Ireland, **27** for Scotland, **16** for Canada, etc.

"The sweepstake is a universal favorite, above all in England. It is a form of lottery highly recommendable in the eyes of those who accept horse-race betting! The system of double eventuality which

serves as the basis and the precautions taken in its organization assure for it in the eyes of participants a moral standing that is most satisfactory". (Jean Paul Larue).

The **Times**, of London (May, 1934), said this of the sweepstake:

"A sweepstake is a game of chance to which are devoted a large number of people who do not bet or play otherwise, and the excitement they derive from the remote possibility of winning a prize much higher than their investment furnishes them with the inoffensive pastime of hoping and trusting to luck, three or four times a year, and thus of breaking the monotony of lives which would be sadly colorless without that. The effort to break such monotony is an entirely natural tendency, and its repression by legal means will arouse much resentment and will tend to transgression of the law by citizens in other ways constantly respectful of the law".

REPLIES TO SOME ARGUMENTS

In their writings or their speeches, opponents of legalized lotteries advance these arguments:

1. — Lotteries for the profit of our hospitals or our educational institutions would tend to discourage individual charity.
2. — Sweepstakes provoke the gambling passion.
3. — This kind of speculation is a false principle of economy.

I reply briefly to those argument, first by a quotation:

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"At least 75 per cent of the individuals who buy sweepstake tickets never contribute a cent to maintaining our hospitals or educational institutions", asserted Sir Thomas Tait before the Montreal Real Estate Board in November, 1933.

The lottery is the Stock Exchange of the poor. "It is their stock market, their grain market, their mining market", said Senator Molloy in the Canadian Senate (March 6, 1934).

If it be true to say that in accumulating, by means of a lottery, a considerable sum for the profit of some institution, "individual charity is discouraged", what must be said of the philanthropist who bequeaths half a million or a million to a hospital or to a university?

For the one inspired by charity, there will always be a sure investment for the profit of some charitable activity.

The Campbell legacies in Montreal (playgrounds, band concerts in parks) constitute the proof.

Above all, in the province of Quebec, in the city of Montreal, philanthropists do not grow like onions, and lotteries would scarecely extinguish an emulation in vain sought among our millionaires.

Even if at Montreal, lotteries were organized for educational and charitable purposes, there would

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"It is idle to attempt to convert to the principles of lotteries, a person who believes that the purchasing of a lottery ticket is a sinful act".

(Senator G. H. BARNARD, February 22, 1934)

remain for our philanthropists many works to create or to protect.

I dare not enumerate them; they are too numerous and I fear I may omit some.

Besides, the best reply, perhaps, to this argument is the example of the United States where philanthropy is manifest in all realms and on a scale universally astounding.

Yet, despite that widespread generosity toward institutions of all kinds, here, now, is a movement in favor of legalization of lotteries in the forty-eight States and especially in the State of New York.

A PHILANTHROPIST'S WIFE SAYS...

On September 18, 1935 took place at the Commodore Hotel, New York, a special assembly of the **National Conference for Legalizing Lotteries, Inc.,** having as its object undertaking campaigns throughout the United States for the legalization of lotteries for the profit of hospitals and other institutions.

Mrs. Oliver Harriman, national president of that movement, is one of the richest and most prominent ladies in New York society.

The same organization wants a national Bill for lotteries passed during the present session of Congress. In the Legislature of the State of New York, a Bill to that effect has been presented by Edward A. Kenny, and has the special backing of State Senator John J. McNaboe.

Insisting on the urgency for such a measure, Dr. E. M. Pullen, of the Fifth Avenue Hospital declar-

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ed that it was the sole means of preventing the closing or merger of a number of hospitals. "I do not know" he said "if you are aware of the number of hospitals which, this year, have been forced to close their doors. Medical men are discouraged, and I wonder what we are going to do".

Giving evidence before a Senate committee, some days later, Mrs. Harriman made this statement: **"For years, now, I have worked for all kinds of charitable organizations, particularly for child welfare, and never have I found such penury of funds. There is not a single charity organization in New York which is not financially embarrassed.**

"I am convinced that, by having recourse to lotteries to remedy the situation, provided those lotteries were honestly operated, in no way would the principles of Christian morals be infringed".

AMERICAN TRIBUTE TO FOREIGN LOTTERIES

Some days earlier, the Grand National had been run at Aintree, England, and holders of winning tickets on the sweep in the New York district only took some $1,500,000 of the prizes drawn on that

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"That same year (1873) a lottery was created, the profits to be used for meeting cost of constructing a new jail at Montreal; price of a ticket was 46s. 8d., and the value of prizes ranged from £4 to £850".

("Histoire Populaire de Montréal",

by Leblond de Brumath, p. 280).

race. Irish hospitals benefitted by the millions of tickets sold in the United States for the race.

Mr. Ellis, lawyer for the National Conference of which I have just spoken, said it was the intention to demand State legislatures to place lotteries under commissions similar to our Liquor Commission.

He added that THE AMERICAN POSTAL AUTHORITIES ESTIMATE THE AMERICAN PUBLIC SPENDS MORE THAN $4,000,000,000 A YEAR ON ILLEGAL LOTTERY TICKETS.

In the United States, where philanthropists and millionaires every year give fortunes to charitable and other institutions, recourse just the same must be had to lotteries for maintaining those institutions.

Why?

Because in a **lottery,** the poor as much as the rich can make their contribution toward the support of some activity. And in Canada, above all in the province of Quebec where philanthropists are so rare they are not now worthy of mention, there is **fear of legalizing lotteries on the ground that they might discourage individual charity.**

The director of the Red Cross in Ontario, writing in 1933 to Dr. Peter McGibbon, M.P. for Muskoka, told him a delegate of the central council had revealed that **a single office in Montreal had remitted $298,000** for the last lottery, or sweepstake.

And during that time our institutions, hospitals, anti-tuberculosis clinics, hospices, universities, houses of education, orphanages, nurseries, maternal assistance organizations, circles for young girls

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and young lads, solicit in vain and wait, also in vain, for a generous gesture from our millionaires.

During that time, too, millions go out from the province of Quebec to feed European social and welfare organizations.

In this province, the two political leaders linked up to secure unanimity in the two Houses on a bill for legalizing lotteries, **and they succeeded.**

At Ottawa, leaders of the two great political parties joined hands to induce the lower House to spurn the gesture of the Senate and repulse the unanimous demand of the two chambers of the Quebec Legislature, **and they succeeded.**

It is beyond comprehension.

"Sweepstakes" still chant the scrupulous opponents of this kind of speculation, **"provoke the gambling passion".**

THE "SATURDAY REVIEW" REPLIES

Earlier, I have printed the conclusion of the thesis of Mr. Jean Paul Larue which is a reply to that argument. .... ..

Permit me, now, to cite the opinion of an English periodical, the **Saturday Review.** On December 5, 1931, it said:

"Millions of dollars flee annually from Canada for the profit of the veterans of Newfoundland, of Irish hospitals and of winners of the Calcutta Sweep.

"There is but one argument against lotteries; that is, it encourages gambling. We would admit the force of that argument were it possible to encourage it, but, happily or unhappily, gambling already has such vogue that it is as ridiculous to talk of encouraging it as it would be for a negro to complain of the effect of the sun on his cranium.

"We are convinced that lottery legislation never would lead to gambling people, men, women and children, not already given over to it... Besides, the main adversaries of lotteries do not hesitate to organize forms of gambling in favor of their church or parish works...

"Let the government legalize lotteries for purposes specified in advance. In that way, we can officially and legally do good works and OUR COUNTRY WILL NOT LOOK RIDICULOUS BEFORE THE EYES OF THE WHOLE WORLD".

TO PROTECT OUR YOUTH

General A. D. McRae, in 1930 chief organizer for the Conservative party throughout the Dominion, and today a Senator, had this to say in the Senate on March 6, 1934:

"We have heard considerable in this debate about protecting the youth of the country, this I submit, hon. gentlemen, can best be done by precept, exam-

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"Britain, which prohibits lotteries, is proud of its race courses and the United States spend colossal fortunes in Stock Exchange speculations.

"And does a fortune made on the Stock Exchange at the expense of thousands of small savers justify itself more than the capital which falls, by luck, to the Winner of a lottery honestly constituted?"

(Pierre COSTE)

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ple and education, not by prohibitory legislation which is not enforced I contend that the majority of the people of this country are in favour of sweepstake and that no government has the courage to enforce the present act. Sweepstake betting cannot be eradicated. It should be controlled regulated and, like the liquor business, made to pay something either directly or indirectly to the state".

WHY BRAVE PUBLIC OPINION?

Hon. Fernand Rinfret, M.P. for Saint James in the House of Commons and today Secretary of State, asked this question in debate on the Fraser Bill, May 22, 1934, when he said:

"In the first place I do not see that there is anything immoral about a lottery. Everyone is free to dispose of his money as he sees fit. It has been argued that life itself is a vast gamble. Whether you invest your money in trade or the stock exchange or anyother avenue of activity you certainly take a chance, and I do not think there is anything wrong in principle in placing a little money in a lottery. I will go further. In years of depression such as we are going through there is something to be said in favour of allowing a poor fellow to introduce into his life that element of hope and ambition that comes to him by placing a little money in a lottery, There are two special reasons which should favour the establishment of lotteries at the present time. The first is the great need of money by all our public corporations. Taxes have reached the limit. The fact that prohibition — in the case

of lotteries — is not being obeyed by the public. It is not popular, and as has been said you cannot enforce a law against popular opinion".

TWO MORALS

"You can trade on the Stock Exchange, bet on races, on the fortune wheel at fairs, buy lottery tickets at charity fetes and that every day and as much as you like; there is no harm in that, no danger of inculcating bad habits in our young people. But when they buy three or four tickets a year on lotteries held by the government, immediately they are poisoned, morally and socially".

These are the words of Senator Arthur Marcotte in the Senate debate of March 6, 1934.

OPINION OF A THEOLOGIAN

He is Abbé Brouillard, French priest, quoted by Hon. Athanase David, provincial secretary, in his remarkable speech in the Quebec Legislature of March 14, 1934.

In his works on religious and social action, Abbé Brouillard says **Christian morals tolerate the lottery as they do all other games of chance, played in decent conditions, moderately and honestly.**

A third argument brought against lottery legislation in Canada attempts to show that this kind of speculation is a principle of unsound economy.

Although it may be possible to admit that good economy is involved, it is suggested that principles of economy ought to adapt themselves, necessarily, to circumstances.

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We might, for instance, doubt the principle of sound economy in countries which, like Britain, spend millions every year on weapons for the destruction of human life and property under pretext of defending themselves and their territory.

Many other arguments of much more simple logic exist. We have already cited some.

Among others, however, are these comments of Mr. Richard W. Scott, in the **Saturday Night** of May 5, 1934, on the subject of the French national lottery:

FRENCH SAVINGS

"France, always the greatest realist among nations of the earth, understood shortly after the war that she needed money and that she must find money in quantities hitherto undreamed of, and she recognized, too, that her people, rightly or wrongly, have an all-consuming passion for games of chance. France already was interested directly in games of chance through the licences accorded to casinos as we are, for instance, through granting race course permits. What, therefore, more reasonable than to ask the citizens to play directly with the government by means of a national lottery? France invited, and her citizens accepted with alacrity scarcely anticipated".

Later will be seen the fabulous sums France draws from her national lottery, and what she does with the revenue.

OPINION OF AN ONTARIO M. P.

"I say to the people of this country that they must either cancel the privileges which in this House have been granted to the rich, or grant equal privileges to the man who is able to bet only one or two dollars on the races. Betting on the sweepstakes is to-day a fact. Hundreds of thousands of dollars are paid annually in bets and all that money is going out of the country. I should very very much prefer to have the money stay in Canada, if it must be spent to have it go to foreign countries". (Dr. Peter McGibbon, M.P. for Muskoka, House of Commons, May 22nd 1934).

WHY LEGALIZE LOTTERIES IN CANADA?

1. — A lottery would insure large sums for the maintenance of our hospitals and educational institutions, funds coming from sources which today contribute absolutely nothing in that direction.

2. — Such a law would allow people to do legally what they are doing illegally today.

3. — Such legislation would stop, to a large extent, the exodus of Canadian money on tickets for lotteries in other countries.

4. — Most countries allow lotteries.

5. — Laws of prohibition do not prohibit.

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6. — The present law is inoperative.

7. — Present restrictions do not jibe with public opinion.

8. — A lottery under government supervision means honest and absolute control.

9. — A lottery would attract to Canada millions of foreign dollars.

10. — It would supplement taxpayers' dollars, leading millions into federal and provincial treasuries.

THE DUKE OF ATHOLL TRIES SOMETHING

"The English today are the heaviest buyers of lottery and sweepstake tickets in the world, spending annually an estimate of $200,000,000. Not long ago Sir John Stewart-Murray, Duke of Atholl, who is fighting for legalized lotteries in England, lost patience to such an extent at seeing the English send their money to Ireland and Calcutta, that he decided to try something. He set out to sell a lot of tickets with the sole explanation that the receipts **"will be applied to purposes deemed fit by the Duke of Atholl who will have sole discretion".** And exactly 337,000 in England had such confidence in the **sole discretion** of the Duke of Atholl that they paid an average of $2.50 per ticket. The Duke gave $290,000 to hospitals, distributed 748 prizes, and was fined $125 for contravening the lottery law". (**Readers' Digest,** March 1934).

THE UNITED STATES MOVE

In January of this year, the United States Congress voted $2,237,000,000 for payment of Great-War veterans' bonuses, forcing the United States to impose new taxes to the tune of "three billions of dollars".

A representative of the Democratic party in Congress, Mr. Edward-A. Kenny, warned Congress a monster petition must instantly be organized in favor of this Bill for a national lottery to pay this additional cash to the veterans, the object being to force members of Congress into action.

"NOBODY IS READY TO ACCEPT NEW TAXES", he said.

LOTTERIES AROUND THE WORLD

I wish now to demonstrate what has been realized elsewhere in the field of national or private lotteries, even in countries like Britain, the United States and Canada, where laws de not allow that kind of speculation.

It will be seen how, more and more, it has been possible to relieve the taxpayer of heavy taxes falling upon him because of unemployment relief and the ever-growing needs of public assistance and of education.

These facts, perhaps, will contribute to rousing the conscience of those of our federal legislators whose conception of Christian morals is not, on this subject, in perfect harmony with theology.

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If you favor legislation of lotteries organized for the profit of welfare works, universities, development of sciences and arts, lotteries which would be controlled by the federal or the provincial governments, write to your M. P. and tell him you back such a measure.

"The problems of unemployment relief being national in scope, I would suggest that the federal government launch a national lottery with monthly drawings, the Post Office to be charged with selling tickets throughout the country" — (Mayor G. H. Robichon, Thre Rivers, before the Conference of Dominion Mayors, Montreal, March 23, 1935).

IRELAND

THE LARGEST LOTTERY IN THE WORLD — IRISH HOSPITAL SWEEPSTAKES

Until 1922, Ireland went to the aid of its hospitals by charity fetes. It would have established lotteries, but its status of dominion prevented that. In 1922, Ireland won its independence and the law of June 4th, 1930, authorized the sweepstake in favor of the Irish hospitals.

I have a copy of the edition of the **"Irish Independent"** of March 24th 1934, on the occasion of the drawing on the Grand National run at Aintree, Liverpool.

The **"Irish Independent"**, published in six languages: English, French, Italian, German, Spanish and Norwegian, an article entitled: **"Details of Guarantees given to Subscribers"**. This is it:

"Hospital Sweepstakes in the Irish Free State were sanctioned by the Dail, the Irish Parliament, in the Public Charitable Hospital Acts of 1930-1-2-1933.

"Sums set aside for prizes are managed and guaranteed by experienced administrators: The Right Honorable the Earl of Granard, K.P., P.C., K.C.V.O.; the Right Honorable Lord Holmpatrick; the Right Honorable T. K. Laidlaw, P.C.; Henry Monahan, Esq., B.L.; and Mr. Edmond McGrath.

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GOVERNMENT CONTROL

"Sweepstakes accounting is controlled by expert accountants selected with the approval of the Government; those expert accountants exercice continuous control over subscriptions received and all expenditures are communicated to them.

"Prize drawings take place in public, and are under the supervision of the Chief of Police of the Irish Free State.

"A receipt is issued for each subscription received.

"The allotment reserved for prizes is in proportion to the total sum of subscription with the supplementary guarantee that £25,000 ($125,000) is assured ant that this sum is deposited with the Bank of Ireland.

"Each Sweep is authorized specially by the Minister of Justice, and for each Sweep the price per ticket is ten shillings ($2.50).

"It is the only lottery in the world — and even in the history of the world — which offers to subscribers such guarantees for their interests, and it is admitted to be the most important and most equitable ever organized.

"The main object of the Irish Hospital Sweepstakes is to gather funds for such institutions which insure social service touching directly or indirectly the physical and mental health of the people.

"From the first Act of Parliament of 1930 authorized Sweepstakes, until October 1933, there were ten prize drawings.

"The share of the hospitals has been £6,377,640, that is to say more than $30,000,000.

"As for the sum of prizes distributed, during the same period, that reached £20,788,879 (more than $100,000,000).

"Subscriptions are received from all countries of the world and the mixing of the stubs of tickets is so perfect, prior to the drawing, that nearly all countries in the world have winners.

"There are three drawings a year, in connection with English horse races — the Grand National in March, the Derby in May, and the Cambridgeshire in October."

The newspaper also gives a list of the prizes won in different countries of the world, including 23 European countries, and 42 other countries, apart England and Ireland, the list covering the eleven drawings up to that date (1934). Among the prizes reaching over **$100,000,000** Canada figured for more than **$3,000,000,** and that will give some idea of the number of tickets sold in this country for those sweeps.

Every detail is given; details of the sumptuous cavalcade which marks the ceremony of each official drawing, detailed history of lotteries in Eng-

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"Which is the more dangerous course for our young people to buy three or four lottery tickets a year, or to stand by idly witnessing the dispair of their parents and with no hope of betterment of affairs for themselves".

(Senator MARCOTTE — February 1934)

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land, history of famous race classics of England and the whole is accompanied by many illustrations.

It is learned, even, that the Irish Hospitals Sweepstakes Association gives daily radio concerts which may be heard all over the world, and at the same time detailed information on progress of the sweepstakes.

Thus, it is announced that radio fans of Toronto, Montreal and Québec may hear the concerts at 7 p.m., those of Vancouver and Alberta at 4 p.m., those of Saskatchewan and Manitoba at 5 p.m., and those of western Ontario at 6 p.m. At 8 p.m., fans of New-Brunswick and Nova-Scotia can also listen to harmonized information.

As can be seen, not a single detail that might interest people has been overlooked by organizers of this world-wide lottery.

"MAMMA" OF THE IRISH SWEEP

Thus, in the Irish Free State, the cognomen of Mrs. Lanigan O'Keefe. She, first of all in 1930, thought of organizing a lottery for the benefit of the hospitals in her country.

She conceived that project at a moment when the hospitals of the Irish Free State were in financial condition so desperate that it was feared some of them would be forced to close their doors.

According to the law adopted by the Dail in June 1930, the Hospital Trust, Limited, of Dublin, was created with the formal object of organizing and

administering a series of sweepstakes linked with the three race classics of England: the Grand National at Aintree, the Derby at Epsom, and the Cambridgeshire Handicap.

In 1931, about $20,000,000 were awarded in prizes and more than $7,300,000 to 38 hospitals.

The official report of the first eight drawings of the Irish sweep reveal that the total revenue topped $135,000,000. More than $21,000,000 have gone to the hospitals.

A royal commission formed in England to probe the clandestine sale in the United Kingdom of Irish sweep tickets found that, in England alone, for the first eight sweepstakes, the total sale was approximately $90,000,000, or about 69 per cent of the total collected.

A Jesuit who has studied the Irish sweepstakes and who printed his views in **Columbia,** organ of the Knights of Columbus, declared that in the ten sweeps held between November 1930 and November 1933, more than $90,000,000 were paid out in prizes and more than $25,000,000 given to 38 hospitals.

The hospitals up to now have spent $15,000,000 of that sum in improvements of all kinds and already the day is foreseen when, from all parts of the world, people will go to Ireland for information on the latest in the construction, equipment and technical operation of hospitals.

On June 26th 1934, a Dublin, Ireland, dispatch to Canadian newspapers via Associated Press, said:

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"Having already spent $15,000,000 and having in hand a like sum to spend in improvements of all kinds, Irish Free State hospitals await with delight the day when they will be the envy of the whole world. The Hospitals Commission at present is working on a plan of campaign of medical expansion to be undertaken in concert with and under the supervision of the international health bureau of the League of Nations.

"To date, twelve sweepstakes have been held, and Lord Powerscourt, president of the National Fund who has direction of these operations, is of opinion that, with twelve others, Irish hospitals will have at their disposal the money necessary to meet all future eventualities.

"The Hospitals Commission which has the task of disposing of these enormous sums of capital and to prevent extravagant expenditures, is managed by Michael Doran, former engineer-in-chief of the Ford Industries in Europe."

FRANCE

Since 1918, many projects have been laid before the Chamber, including that of Mr. Bonnefous for amortizing the French national debt, and that of Mr. E. de Tastes in 1931 to aid unemployed. But in

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The Montreal Daily Star, January 31, 1936, page one: "Charity Gambling Party is Sensation in London". That is but one incident in a thousand in a country where, from scrupule or conscience, sweepstakes are banned.

1933, a study commission named by the French government, examined varying systems of lotteries in Europe and adopted the straight lottery with many modifications, however. The government ratified the choice of the Commission by the Finance law of 1933 and the national lottery was authorized by the decree of Septembre 8th of the same year.

The State lottery in 1934 sold tickets for $140,000,000; 11 per cent of the sum went in prizes; 40 per cent went to pensions and to farmers' aid. Since 1933, the French National Lottery is organized on the basis of the Irish Sweepstakes.

POLISH LOTTERY

Poland has had a State lottery since 1808. It is a class lottery which, because of internal difficulties and lack of organization in the sale of tickets, has encountered much trouble but succeeded in maintaining itself until recently reorganization gave it wide popularity.

Italy. — The lottery is a national institution. By this means Mussolini has been able to carry out important works projects. It yields $40,000,000, and is held weekly in eight of the principal cities.

Spain. — Lotteries yield annual profit of more the $20,000,000 to the State. Most important is the Christmas Gordo, of Madrid. The City of Madrid holds a lottery thrice a year and the main prize which sometimes reaches $2,000,000 is drawn at Christmas. It yields up to $25,000,000 per drawing.

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Germany. — Hitler has revived lotteries so that the State may gather funds for unemployment relief works. Three lotteries are in operation; the lotteries of Prussia and South Germany, of Saxony and of Hamburg.

Denmark. — Has its lottery by classes which has functioned uninterruptedly since 1870; since 1897, **Hungary** operates a six-class lottery with two drawings a year.

Sweden. — Uses the profits of its national lottery for aiding museums, hospitals, art, music and literary institutions.

Panama. — With the Christmas sweepstake, this republic maintains its hospitals.

Mexico. — A national lottery here for the past century. Thirty-eight Fridays, forty-four Tuesdays and forty-six Sundays in each year there are drawings. Prizes reach about $15,000,000 and hospitals, hospices and institutions of charity in Mexico receive about $3,500,000 a year.

Soviet Russia. — The government uses lottery to aid sale of bonds. Every holder of a 100-rouble bond has right to participate in a drawing of a prize of 100,000 roubles, and of 20 others of varying amounts.

Turkey. — Military aviation benefits exclusively from the grand national lottery.

Argentine. — Weekly lotteries distribute 70 per cent of the collection in prizes, the balance being given to hospitals.

China (Nanking government). — Drawings every two months in a government lottery. The main prize is $500,000, part of a total prize list of $2,500,000.

Cuba. — State lottery, with three drawings per month and special drawings at Christmas, and the anniversary of the inauguration of the president. Receipts: $30,000,000.

Principality of Lichtenstein. — Operates a lottery or sweep on the Lincolnshire Handicap run every March in England. Advertisements say more than $250,000 are distributed in prizes.

No one can convince me that the spending of from one to five dollars by any good citizen of this country to purchase a lottery ticket will tend to his demoralization and that of his family and neighbours. I wonder if the honourable senator has ever been shocked by the hopeless outlook of these of our fellow citizens who have lost their last nickel and mortgage their future by gambling on the stock exchange, the grain exchange the mining exchange or similar institutions.

(Senator MOLLOY — February 1934)

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Red Cross in Luxemburg

"The fourth sweepstake of the Red Cross took place January 19th this year. The lottery is authorized by ministerial decree of August 18th, 1933 and by convention of the Luxemburg Red Cross.

"After experience of two years only, directors of the Red Cross are assured of finding in the lottery-sweepstake not only a balanced budget necessary to guarantee existing activities but also means of progressing to new and indispensable realizations; at the same time recording in practical fashion an international philanthropic solidarity of fine quality, founded on sentiments of friendship which would never deceive.' '

(A-Z, Illustre Luxembourgeois).

LOTTERIES IN THE EMPIRE

India. — The famous Calcutta Sweep, operated by the Royal Calcutta Turf Club and linked with the Derby annually. The first prize is about $300,000.

Australia. — Far ahead of Canada with its town planning developments, subways and many other progressive measures, this country operates national lotteries.

They have allowed Australia to improve considerably public health and to insure greater protection to young children.

An extract from the Australian Press Bureau of November 6th 1933, shows:

"More than $12,500,000 have been spent during the last four years on hospitals in Queensland; 88 maternity hospitals have been built; today $600,000 are available for the immediate construction of a new maternity hospital at Brisbane. All this money comes from the State lottery.

These details are furnished by the Queensland Secretary of State, who holds that State lotteries have enabled the government to establish baby clinics, child welfare centres and dental service for the children of the unemployed."

NEW SOUTH WALES

In this Australian State, lotteries have been functioning under government control by legislation adopted in 1930.

The Official Gazette of July 17, 1931 gave rules of the lotteries.

The auditor general is present at the drawing and verifies the numbers drawn.

At the bottom of the form given to me by a **Montreal agent** who does good business in Canada in those tickets, can be read:

"Subscribers aid in maintaining public hospitals in New South Wales".

Two years ago, in the 100th drawing, the lottery yielded a profit net of $7,500,000.

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WHERE LOTTERIES ARE LEGAL

Countries where lotteries are now in operation, legally, are: France, Spain, Italy, Germany, Irish Free State, Denmark, Russia, Holland, Luxemburg, Australia New South Wales, China, Sweden, Turkey, Austria, Mexico, Panama, Cuba, Serbia, Algeria and the Argentine Republic.

The exceptions:

United States

Britain

Japan

Canada

What has been done with national lotteries or private lotteries in countries where they are banned today:

England. — In 1753, $1,500,000 were raised through a lottery to purchase the librairies of Sir Hans Sloane and Sir Robert Cotton and to build a building to house those rich collections. It was the beginning of the British Museum.

The only kind of lottery legally authorized today in England is that of the Art Union, with objets d'Art as prizes. Tickets for such lotteries may be sold in Canada.

Since 1826, lotteries are not legal in England.

BUT — HOW BRITAIN DOES GAMBLE!

Despite this change in the law, consider how Britain gambles just the same — legally and illegally. The **Economist,** of London, of Februrary 29th 1936, in an article on "Britain's Betting Industry", said:

"On a conservative basis, the total current turnover of betting on horse racing may be put at £250 to £300 millions ($1,250,000,000 to $1,500,000,000) a year... We may very tentatively put the total turnover on greyhound racing, including the turnover of bookmakers, at not less than £50 millions ($250,000,000) par annum... Much the most striking development in recent years has been the growth of football betting... the present turnover cannot fall far short of £30 millions ($150,000,000) per year. Subscriptions to the Irish Hospitals Sweepstakes totalled about £10 millions ($50,000,000) a year at their peak... Entries for newspaper 'competitions' were estimated by the Secretary to the Post Office at £3,000,000 ($15,000,000) Amounts 'invested' in automatic gambling machines on clubs, cafes and amusement parks have been put at about £15 millions ($75,000,000) a year... The total annual betting turnover would appear to be not less than £350 millions to £400 millions ($1,750,000,000 to $2,000,000,000)... In view of the tendency for betting to increase with the growth of its organized facilities, the Government may well consider whether the time has not come to enforce a stricter supervision and to ensure that commercialized exploitation of human folly — or of 'the small man's' reaction

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against a drab environment — shall not yield unduly large "professional" profits".

United States. — Funds for colonizing Virginia were raised through a lottery.

The Capitol, at Washington, was built, in part, with lottery money. Faneuil Hall, in Boston, was repaired in the same manner. Albany paid the debt it ran up in war with Indians by means of a lottery.

Money for construction of the famed Washington Monument was raised through a lottery.

Yale University (1750), Harvard (1772), and Columbia universities all built the first of their constructions through lotteries. Since 1890, lotteries have been banished from the United States where today, according to statistics gathered by a commission, the following sums **per week** are the prey of gamblers:

Chicago: $2,000,000

New-York: $1,000,000

San Francisco (Chinese lotteries) $5,000,000.

"We do know that hundreds of thousands of Irish sweepstake tickets are being sold every year, and that indeed some honourable members who last session voted against a similar bill had sweepstake tickets in their pockets, or at any rate in their desks at home."

(Senator TURNER, February 28, 1934)

IN CANADA

Army and Navy Veterans in Canada, Quebec Unit 33.

This organization has been in existence for the past twelve years, and in the spring of this year completed its thirty-first drawing or "charity subscription".

Prizes drawn on English race classics are called "membership dividends".

In Quebec City, the Veterans own a magnificent ten-storey building. They do not hide their light under a bushel.

To date, prizes and other rewards distributed by the organization reach nearly $8,700,000. Money from "subscriptions" distributed by the Veterans to comrades' institutions, pensions, etc., pass $2,600,000.

The first prizes are $30,000 each; second, $20,000; third, $10,000; fourth, $5,000 in each draw, and almost 1,000 "subscribers" get at least something for their money, ranging from the first prize to around $10.

As the "memberships" sell at $1 each, some idea of the total sold can be gained; and that despite the idea of certain "pontiffs of Puritanism" who see in that violation of Christian morals.

Personally, I am delighted with the success of that organization which, without those means, never would be able to do the good it has accomplished to thousands of veterans and their families.

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FAVORING LOTTERIES

1 — Mayor Camillien Houde, of Montreal, on April 22nd 1929, at a meeting of mayors of the province of Ontario, held at Hamilton, Ont., proposed a national lottery to raise unemployment relief funds.

2 — Vancouver, in 1932, held a plebiscite of its electors, who, by a vote of 25,735 to 9,777 carried the day for lotteries. The Hospitals' Association and the Union of Municipalities of British Columbia also are favorable.

3 — In November 1933, at a banquet of the **Montreal Real Estate Board** held at the Corona Hotel, Montreal, Sir Thomas Tait demanded that serious study be made of the possibility of amending the Criminal Code to permit lotteries for the benefit of hospitals, education, and unemployment relief.

4 — December 28th 1933, the City Council of Montreal adopted unanimously the Savard-Papineau motion asking the Quebec government to petition the federal government for authority to hold lotteries for public charity and educational purposes.

5 — January 25th, 1934 — Vitcoria, B C. City Council adopted motion in the same sense as that of Montreal.

6 — February 14th 1934, the Trades and Labor Congress of Canada transmitted to the federal government this resolution:

"In view of the fact that lotteries, or sweepstakes, exist all over Canada thanks to different subterfuges, we reiterate our demand of last year, that a measure be adopted legalizing lotteries and placing them under supervision and control of the government."

The Congress represents about 200,000 workmen in Canada.

7 — March 14th 1934 — The Quebec government submitted to the Assembly a Bill entitled "An Act to authorize the organizing of a lottery for educational and public charitable purposes."

The Assembly approved the Bill unanimously. Some days later the Legislative Council unanimously ratified the measure.

8 — April 12th 1934, the Senate, by a vote of 37 to 20 adopted in third reading the Bill of Senator G.-H. Barnard to permit the provinces to organize sweepstakes or lotteries for the benefit of hospitals.

9 — May 18th 1934. — Mayor Camillien Houde, of Montreal, proposed a municipal lottery for unemployment relief and other welfare activities; he spoke before the Property Owners' League.

10 — May 18th 1934. — Mayor Houde reiterated the suggestion before the Kiwanis Club of Montreal.

11 — January 24th 1934. — Mayor Houde spoke before the Association of Mayors of Ontario and again proposed that Ontario seek authority for a lottery, either national, provincial or municipal, for aid to the unemployed.

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12 — January, 1936. — Ald. Trefflé Lacombe, of Montreal, announced he will submit to City Council a lottery project with insurance premium feature. Council later reiterated its demand upon the Quebec Legislature for pressure upon the federal government for authority for provincial lotteries for charity and education purposes.

THE "HOW" OF A CANADIAN LOTTERY

"The Dominion legislation should restrict the holding of lotteries by any province to not more than one every three months, with the dates of the lotteries so arranged that no two contiguous provinces would hold lotteries in the same month...

"The Dominion legislation should also fix the price of lottery tickets at $1 each and the commission to be paid for selling of such tickets at 5 per cent of the selling price of the tickets, and the organization and operating expenses at not more than 5 per cent, and the prizes at 45 per cent of the total amount realized from the sale of tickets for each lottery — the balance of 45 per cent to be available for, and devoted to, unemployment relief first, and any surplus to hospitals and charities, and any remaining surplus after that to educational purposes.

"No restriction should be placed on the sale of tickets for any such lottery in any part of Canada or anywhere outside of Canada.

"All accounts in connection with all such lotteries should be audited by the respective provincial auditors".

This is a suggestion of Sir Thomas Tait, a prominent business man and distinguished citizen of Montreal.

Speaking on the subject of lotteries, in January 1935, Sir Thomas further said:

"The financial position of many of our municipalities and of most of our provinces is, to say the least, very unsatisfactory, largely due to the money they have had to provide for unemployment relief. This has also seriously affected the finances of the Dominion Government, aggravated in that case by the necessity of meeting the deficits of the Canadian National Railways. As a result of this, it has not been possible for such municipalities and provinces to provide adequately for hospitals, charitable institutions and for educational purposes.

"Now, is there not an easy end? It is submitted, when the object is considered, an unobjectionable way of providing all the funds required for, at least, unemployment relief? It is submitted that there is, namely, by provincial government lotteries, the profits from which would be devoted to relief of the unemployed and for hospital and charities.

FRENCH PROFITS

"Ex Premier Daladier of France, in his recent budget, estimated that the profits from the French national State lotteries would amount to $35,000,000 in the next year. The profits from the provincial government lotteries would, it is thought, amount to much more than this, for many, many millions of dollars would come into CANADA from

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the United States for tickets in such lotteries. It is stated that in the year 1932, three lotteries for the benefit of hospitals in Ireland were held and that approximately $55,000,000 was collected. Organization, commission and other expenses, it is said amounted to about $5,000,000. If so, $50,000,000 was available for the prizes and for the Irish hospitals, in the year 1932 only.

"Think of the psychological effect in many cases of such lotteries. The outlook of an individual who is depressed — sees nothing to hope for in the future, nothing bright to dream of, but who is able to spare a dollar to legally buy a ticket in such a lottery with the possibilities of winning a substantial, perhaps a large sum of money. The outlook of this person is immediately altered. There is at once something to dream of and an antidote to a dull hopeless existence.

"No province need have such lotteries unless if so elected, but if it is so elected, it would not be prohibited by Dominion legislation from doing so. It should be distincly provided and safeguarded that the profits of such provincial government lotteries should be entirely set aside and devoted to unemployment relief, charities and hospitals and, if there be a surplus, to educational purposes."

A janitor in an establishment very well known showed me recently three cheques, dated May 4, May 11 and May 13, 1932, totalling $1,184. "That amount", he told me, "represents what I sold in sweepstake tickets in a few weeks, after having deducted 45 PER CENT for my commission".

THE RECORD OF PARLIAMENT

Monday, April 16th 1934, Premier Bennett noted that the Order of the Day included first reading of Bill No. 56, emanating from the Senate, concerning sweepstakes for hospitals, the sponsor not being indicated. The Speaker wasinformed he would be Mr. Fraser, M.P. for Cariboo.

Mr. Bennett then said:

"Since the government intends all members should enjoy the greatest liberty on this question, without ing indicated The Speaker was informed he would perhaps be well to consecrate one day to discussion of the Bill".

At the opening of the sitting on April 17, J. A. Fraser, M.P. for Cariboo, proposed first reading of Bill No. 56 emanating from the Senate, to allow lotteries or sweepstakes for hospitals. The motion was adopted and the Bill read a first time.

May 22, Mr. Fraser proposed second reading of the Bill.

Spoke in favour. — Messrs. Fraser, Onesime Gagnon (Dorchester), J. A. Mercier (Laurier-Outremont), Hon. Maurice Dupré, (Sollicitor-General), Hon. Fernand Rinfret (St. James), P. F. Casgrain (Charlevoix-Saguenay), Peter McGibbon, (Muskoka), Thomas Cantley (Pictou), Humphrey Mitchell (Hamilton east).

Spoke against. — Hon. C. H. Cahan, (Secretary of State), A. M. Carmichael, (Kindersley), H. A. Mul-

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lins (Marquette), J. F. Woodsworth (Winnipeg North, Centre), Hon. Hugh Guthrie (Minister of Justice), J. L. Brown (Lisgar), H. J. Barber (Fraser Valley), F. G. Sanderson (Perth south), Hon. W. R. Motherwell (Melville), Hon. R. B. Bennett, Hon. W. L. Mackenzie King.

An amendement by Mr. Carmichael hoisting the Fraser Bill for six months was adopted 105 against 57 votes.

THE BILL QUEBEC PASSED

(Hon. Mr. David.) (1934)

(ASSEMBLY BILL No. 41)

An Act to authorize the organization of a lottery for educational and public charitable purposes

HIS MAJESTY, with the advice and consent of the Legislative Council and of the Legislative Assem- of Quebec, enacts as follows:

1. The Lieutenant-Governor in Council may organize a lottery called "Lottery of the Province of Quebec", and determine the duration, drawings, conditions and manner thereof.

2. The proceeds from the lottery, after deducting the amounts fixed for the prizes and those required to pay the expenses of organization and of selling of tickets and the other incidental expenses, as well as the salaries of the officers and employees appointed under section 3, must be employed exclusively for educational or public charitable purposes carried on in the Province and designated by the Lieutenant-Governor in Council.

3. The Lieutenant-Governor in Council may appoint the officers and employees necessary for the carrying out of this act.

The remuneration of such officers and employees shall be fixed in accordance with the provisions of the Civil Service Act (Revised Statutes, 1925, chapter 10).

4. The Lieutenant-Governor in Council, pending the collection of the sums derived from the lottery, may authorize the Provincial Treasurer to advance, out of the consolidated revenue fund, the monies required to pay the expenses of organization and of selling of tickets and the other incidental expenses, as well as the salaries of the officers and employees appointed under section 3.

A special account of such advances must be kept in the Treasury Department, and the proceeds from such lottery must be used first for their repayment.

5. The Lieutenant-Governor in Council may enact, amend or repeal regulations concerning all matters connected with the organization of the lottery, and with the carrying out of this act, not provided for by section 1.

6. The power given to the Lieutenant-Governor in Council by section 1 shall be exercised only if a lottery of the nature of that contemplated by this act is not prohibited by a statute of the Parliament of Canada.

Moreover, such power shall not be exercised if the Parliament of Canada authorize the Canadian Government to organize a general lottery in the

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whole of Canada, for purposes similar to those contemplated by the preceding provisions.

7. The Provincial Secretary shall be charged with the carrying out of this act.

8. This act shall come into force on the day of its sanction.

WHAT PREMIER TASCHEREAU SAID

"You can hardly believe how wearisome it is at times in my capacity as attorney-general of the Province of Quebec to be obliged to apply the present federal law prohibiting lotteries. Article 236 of the Criminal Code prohibits all lotteries, no matter under what form they may be, and provides a penalty of two years imprisonment. There are no exceptions, except in the case of a bazaar where an article may be offered up for raffling, and then only on condition that the value of the article is not more than $50. Furthermore, the value must be established first by being offered for sale at auction and there be no successful bidding.

"At the same time, this article of the Criminal Code makes an exception, and I wonder who suggested it. It permits Canadians to take part in lotteries held in London under the auspices of the Art Union. It is not permitted to spend one dollar in Canada for a lottery, but millions may be spent, even to the last dollar, for lotteries in London. I have enough national pride to believe that we can do the same thing here.

"There is nothing else to do than to ask that Ottawa amend the Criminal Code. I state again that

the law is very severe. All newspapers which advertise a lottery, those who buy tickets, sell or distribute tickets are liable to imprisonment up to two years.

"What is the present situation in the province of Quebec? The funds of the Public Charities Act are not sufficient, and superior education requires additional grants. We must find other sources of revenue, since private fortunes have been diminished by the crisis, when not altogether destroyed. We cannot ask the rich to make more sacrifices than they are making, nor load the people with new taxes. Furthermore, a good number of those rich yesterday have become the poor of today. The mite of each person may aid us. Is it realized that the money of this province is drained away by the lotteries of France, Ireland, Spain, Australia, and even of India?

"I would prefer, as far as I am concerned, that we have one great Canadian lottery under the direction of the Ottawa government. We wish Ottawa to create a national lottery like that in France. That would be better than having a lottery in each province because with provincial lotteries there will be competition between them, and we don't know where that would lead. Whereas if we have a national lottery under the auspices of the federal government, I know that apart from being also honestly conducted, the profits will be divided between the provinces on a population basis to be used for charitable and educational purposes."

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...AND HONORABLE L.-A. DAVID

"It was in the 14th century in Italy that the organized lottery came into existence. It was a private affair, and not a State matter, and was termed the "Lotto". I beg to be excused for not going into details as to the combinations of figures.

"In France it was in 1533 that for the first time the principle of the lottery was accepted, and it was only after considerable time that in the Netherlands, at Ghent, at Utrecht and Bruges, and elsewhere, the idea also prevailed.

"It is to be noted that the first lottery in France, that in 1533 was organized for the purposes of charity, and some time later, in 1589, there was a great lottery held under the official permission of Charles Quint, so we see that great names have been attached to lotteries in the past.

"In regard to French lotteries, I may refer to an interesting book published by Pierre Coste on "Les loteries d'Etat en Europe et la loterie Nationale' (State lotteries in Europe and the National Lottery).

"An authorization was granted by Francis the First to Jean Laurent to establish lotteries on conditions that he paid to the royal treasury an annual tax of two thousands pounds (tournois)." This authorization was granted on the ground, it is to be noted, that illegal gambling should be prevented, and in particular to prevent the exportation of capital arising from French citizens subscribing to foreign lotteries.

"Under Louis III the system was continued, and finally under Louis IV, after the lottery had been rejected as official, it was accepted as an amusement for the court when 3000 tickets were distributed gratuitously to the ladies.

"Two years later the proceeds of a lottery permitted the construction of the General Hospital of Paris, and of founding that of Lyons. A lottery for the benefit of the poor was organized. Angers also organized a lottery for the construction of a college, and Amiens for a hospital, so we can see that the basis of the authorization for lotteries in France was always linked to the matters of education and charity.

"When the upheaval of 1789 came in France, lotteries were prohibited, following the custom towards excess at such times. The Convention abolished them in 1793, yet, they were permitted for charitable purposes only, though under conditions very difficult to follow.

"What may interest the House is that New France was not founded without the desire also being prevalent of tasting the excitement of chance which the lottery brings. In the report of the archivist of Quebec, 1923-24, this, from an unknown source, will be found:

Sweepstake tickets purchased by the employees of a small business house in Montreal in the last five years: 1931, 41 employees, $146; 1932, 27 employees, $92; 1933, 27 employees, $91; 1934, 20 employees, $100; 1935, 16 employees, $57.

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"I will add only one fact upon which you may find it strange that I say nothing, namely, whether the Governor engages in commerce. I reply in the negative, but his wife, who never wishes to lose occasion to make money, maintained up to the end of the winter at the Chateau de Quebec a room — to use no worse expression — in which goods have been stored and disposed of by means of a lottery".

"On pages 144, 145 and following, the description of the goods which were disposed of at the lotteries by individuals with or without the authorization of the government, — something which cannot be determined, — is given. There was the Comparet Lottery on March 23rd 1727, the Jean Baptiste Lozeau lotery in 1730, that of Sieur Landon, that of Sieur Bruguiere in 1632, that of Gaspard Chaussegros de Lery, engineer-in-chief of New France, in 1732.

"France often changes its regime, and laws appear also to change with each regime, so in 1836 all lotteries were prohibited in France except for welfare works, or to encourage the arts. In 1909 Clemenceau, noticing that there were private lotteries in operation drafted a law and Briand in 1910 completed it. This made it impossible for private or public lotteries to continue in France. In 1933 Mr. Lamoureux proposed the lottery which at the present time is known throughout the world, and which has as its aim the legalization of profit judged to be legitimate, and, secondly, and above all, to keep in France money which might otherwise go into foreign lotteries.

"I do know that one agent of one of the greatest lotteries operated. which I may be pardoned for not mentioning, declared to one of his sub-agents that he had sold 120,000 books, 10 tickets to the book, at $1 each ticket, which means $1,200,000 through the hands of one agent. An article by Howard McLellan, in **Readers Digest** will give the House considerable information on the question of money being drained off by foreign lotteries.

"A recent declaration of the postal authorities at Washington attest the fact that lotteries alone have drained off three billion dollars in the last three years from the people of the United States. This des not include American lotteries which operate without the government knowing it or being able to stop."

"In the State of New York and in New England, ticket sellers dispose of tickets to the value of $8,500,000 per month. In one instance 17 million dollars worth of counterfeit tickets were seized."

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men, and foreigners throughout the world to participate, with the result that the receipts now reach 140 millions dollars. In Panama and in Mexico there are lotteries operating which bring close to 20 millions per year, and in Spain, at Christmas time, there is a 25 million dollar lottery. Mussolini, who abolished many things, himself directs a great number of lotteries to help build public works. Hitler has also created a lottery and Switzerland has a national lottery which is becoming very popular.

"I mention these facts in order to show that what we are seeking to do has already been done by others, and perhaps they were as wise and possibly wiser than we. It will be objoected that there is the Criminal Code. We have thought of that, and the resolutions and bill provide that the lottery may be held only if there is no prohibition against. We provide also that if it should please the House of Commons to accept the principle of a national lottery we will not hold one, since it is to be noted that if there is to be a Canadian lottery established the profits will be divided on a pro rata basis amongst the provinces.

"How much can be made? Obviously, this is a a difficult question to answer, but I believe that, allowing 60 per cent to gin in prizes and 40 per cent for the institutions and the cost of operation, we will obtain close to two millions."

AUSTRIA In 1930, despite the poverty of the country with but 6,500,000 inhabitants, the sum paid out in class lotteries and ordinary drawings reached 53 million shillings.

FOR A CITY LOTTERY IN NEW YORK

(From the "New York Times", Februrary 23rd 1936)

"Mr. James J. Lyons, president of the Borough of the Bronx, yesterday, renewed his fight for a municipal lottery by petitioning Governor Lehman and Legislature leaders to adopt a law to that effect.

"The author of the city lottery plan demonstrated to the Governor that is was the sole means of creating a fund to aid the unemployed.

"Copies of his letter have been sent to leaders of the majority and minority groups in the Legislature, as well as to presidents of the Senate and Legislature committees who would have to study the question.

"In his letter, Mr. Lyons explains that, following conferences with law officers of the State, he has concluded such legislation is necessary to legalize lotteries although many believe he could put his plan into effect without coming into conflict with State laws.

"I am assured", he says, "that a large number of sweepstakes and illegal lotteries are in full operation here, and that they are under control of racketeers and underworld people.

"I believe that the measure I forecast is in conformity with the programme you have laid out for yourself for your fight against crime and that, in addition, such a measure would allow the State and municipalities to raise funds for unemployment relief.

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"Legalization of lotteries would be a blow at racketeers and at the underworld now exploiting this type of gambling.

"President Lyons, at the same time, sent to the Governor coies of advertisements of lotteries and sweepstakes recently published in newspapers."

A MODERN MAGAZINE WITH PROGRESSIVE IDEAS

Those interested in the commendable movement to legalize sweepstakes or lotteries in Canada will find it worth noting that of all the newspapers, magazines or periodicals in the Dominion, **La Revue Moderne,** the well known French magazine, was the first one to support the proposal for a referendum on this timely question.

It is another instance of **La Revue Moderne's** policy to take a definite stand on live public problems and to offer leadership and guidance to thought and action amongst its numerous readers, and in this case it does not hesitate to express to them the desirability of their having an opportunity to legalize sweepstakes as a mean of overcoming the serious deficits caused by economic depression.

This magazine of the French Canadien elite is in a position to know the attitude of its readers because it consults them periodically on the most interesting questions and developments, consequently it arouses and moulds a spirit of public mindedness as to the most efficient management of business and affairs in general. It thereby does give a definite leader-

ship to safe and sane progress and wholly justifies its title of **"Modern".**

In the French Canadian field, therefore, **La Revue Moderne** rivals the best magazines of other languages in their fields, and it has attained an outstanding prestige amongst the French Canadian population. It is a link between the leaders of the day and its reading clientele — just as it is one of the best and strongest links between the advertiser and the consumer.

Naturally, with a magazine as **La Revue Moderne,** the feminine element forms a considerable proportion of its reading public, and it is to be found in the foremost French homes, where its many-sided services and variety of features, devoted to all phases of modern life, as well as to the finest literature, make it of live interest to every member of the family.

This magazine it edited and printed in one of the historic buildings of Montreal, "Manoir de Beaujeu", built in 1750, and situated near Chateau de Ramezay.

CONCLUSION

What we ask is the privilege to do what England and the United States did at a time when their financial situation dit not permit them to create a national museum, a national library, universities, etc.

The Colonial Lottery of the Kingdom of Belgium, authorized by the law of May 29, 1934, distributes to ticket holders 30,000,000 francs per drawing. The lottery is in its twelfth draw. Profits go to colonial projects.

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Those institutions were built with proceeds of national lotteries. To-day, in thirty-three civilized countries, important public works, the cost relief, public aid to agriculture, assistance to hospitals, baby clinics, improvements to education, are being made possible by means of lotteries.

When it is emphasized that Canada — through article 236 of its Criminal Code — makes it a criminal offence to sell or purchase tickets for lotteries or sweepstakes, that may be true in law, but in practice it is not. For banks and postal offices are sending out annually to foreign countries, millions and millions of dollars, in sweepstake tickets.

By changing the term "lottery" for "drawings" or "membership tickets", Canadian institutions are running lotteries with more or less guarantee for the subscribers.

Why not a national lottery, under government control, for "relief purposes"? Why not authorize any Province to run its own lotteries, to maintain and improve its hospitals and educational institutions?

Why not make it a temporary measure for times of depression, such as the one which leaves to all our governments only one alternative to meet emergencies: TAX! TAX! TAX!

This is written as an appeal to the good sense, broad and sane judgement of our legislators.

And we shall never cease to pray.

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The LOTTERY ISSUE

Text of speeches delivered before the Quebec Legislative Assembly on March 14, 1934

by

HONOURABLE ALEXANDRE TASCHEREAU
Prime Minister

and

HONOURABLE ATHANASE DAVID
Provincial Secretary

QUEBEC
1934

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Honourable Alexandre Taschereau

(Translation)

Mr. Speaker:

I have listened to the Honourable Chief of the Opposition with much attention. It is my impression that he will vote in favor of the bill, judging by the tone of his speech.

In the course of the last inter-provincial conference at Ottawa I had occasion to raise the question of lotteries and asked for the cooperation of the other provinces. Let me tell you that, even in the corridors, they said to me: "Go ahead". There were among those present certain "conscientious objectors" who, openly, are against lotteries in Canada.

PRESENT LAW ANNOYING

You can hardly believe how wearisome it is at times in my capacity as attorney-general of the Province of Quebec to be obliged to apply the present federal law prohibiting lotteries. Article 236 of the Criminal Code prohibits all lotteries, no matter under what form they may be, and provides a penalty of two years imprisonment. There are no exceptions, except in the case of a bazaar where an article may be offered up for raffling, and then only on condition that the value of the article is not more than $50. Furthermore, the value must be established first by being offered for sale at auction and there be no successful bidding.

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At the same time, this article of the Criminal Code makes an exception, and I wonder who suggested it. It permits Canadians to take part in lotteries held in London under the auspices of the Art Union. It is not permitted to spend one dollar in Canada for a lottery, but millions may be spent, even to the last dollar, for lotteries in London. I have enough national pride to believe that we can do the same thing here.

As matters are, we are obliged to apply article 236 of the Criminal Code. Only this morning I received from Mr. Edwards, deputy Minister of Justice at Ottawa, a series, of tickets for a lottery organized by a school of Brothers in favor of their own school, and the deputy Minister tells me: "It is you who are Attorney-General of the province of Quebec, apply the law." That law makes us move. I have been obliged to take action against hospitals and I will be obliged to continue to do so as long as the present federal law exists. Again I say that we are in a very annoying position, because we have to act against all those who hold lotteries, who sell tickets, those who buy them, no matter how good and excellent may be their objects.

FOR THE UNIVERSITY

The University of Montreal believed it had found a way of obtaining the funds necessary, and submitted the project to us. I replied: "In virtue of article 236 of the Criminal Code, if you hold a lottery, I will be obliged to seize your tickets."

There is nothing else to do than to ask that Ottawa amend the Criminal Code. I state again that the law is very severe. All newspapers which advertise a lottery, those who buy tickets, sell or distribute tickets are liable to imprisonment up to two years.

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AMEND THE LAW

In the course of the last inter-provincial conference, I asked Hon. Hugh Guthrie, Minister of Justice, to amend this law. He admitted that the present article goes too far. The Right Hon. Mr. Bennett replied:

"We will lay a bill before parliament to amend this law in the course of the opening session, and we will let it be a free question."

A bill was presented in the Senate to legalize lotteries, and the Upper House accepted it. Will it be accepted by the House of Commons? I do not know.

What is the present situation in the province of Quebec? The funds of the Public Charities Act are not sufficient, and superior education requires additional grants. We must find other sources of revenue, since private fortunes have been diminished by the crisis, when not altogether destroyed. We cannot ask the rich to make more sacrifices than they are making, nor load the people with new taxes. Furthermore, a good number of those rich yesterday have become the poor of today. The mite of each person may aid us. Is it realized that the money of this province is drained away by the lotteries of France, Ireland, Spain, Australia, and even of India? The other day at a meeting everyone present had a lottery ticket.

ALL PROVINCES INTERESTED

In the course of the inter-provincial Conference when I referred to lotteries, I said to those gentlemen:

"I am certain that if I search your pockets I will find lottery tickets in them!" No one would deny that claim.

So, we see the money of Quebec being drained off by foreign lotteries. If we had a lottery in Quebec, we may be

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certain that all would contribute, and, what is more, I believe the French-Canadians of New England would wish to contribute in this form to aid the welfare institutions of our province. I am constantly receiving from the United States complaints as to tickets sold there and which are supposed to come from the city of Quebec, and under the patronage of the provincial government. Those are evidently false, for the alleged lotteries have no existence.

Sir Thomas Tait writes that in 1932 the Irish sweepstakes brought $50,000,000 to the Irish hospitals. He declares that half of the people of Canada buy tickets in foreign lotteries. The French National lottery made $35,000,000 in profits, made up not only of French money but also of our money and of all those who subscribe throughout the world. Why cannot we have our own lottery to aid our educational and charitable institutions?

A NATIONAL LOTTERY

I would prefer, as far as I am concerned, that we have one great Canadian lottery under the direction of the Ottawa government. We wish Ottawa to create a national lottery like that in France. That would be better than having a lottery in each province because with provincial lotteries there will be competition between them, and we don't know where that would lead. Whereas if we have a national lottery under the auspices of the federal government, I know that apart from being also honestly conducted, the profits will be divided between the provinces on a population basis to be used for charitable and educational purposes.

Ottawa, which prohibited titles, has reversed its decision. They may some day change their minds on the subject of lotteries, and that day is not far off. As soon

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as a national lottery is established, we will abandon our lottery.

CONCLUSION

Despite the severity of the law prohibiting lotteries they are being organized everywhere at the present time. We are incapable of having the law respected because public opinion wants lotteries and expects them. We wish to meet the popular wish. The Senate has voted the measure. I hope that Mr. Bennett, who promised to leave the matter free from party control, will amend the Criminal Code to permit us in the province of Quebec to organize lotteries.

I do not know we would organize if allowed to have a lottery. We could perhaps have a man attached to the French national lottery come here to advise us as to the organization work here. That was the procedure which we adopted when we created our system of provincial statistics, which is the best in Canada.

I would like the House to be unanimous in declaring that a provincial lottery is necessary, and thereby save perhaps one of our great Canadian university institutions.

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Honourable Athanase David

(Translation)

Mr. Speaker:

Prior to entering into a study of the bill before us, I believe it necessary to make some remarks on the subject. Throughout the world, at different periods, lotteries have been differently appreciated. At times, it was a moral question, in other days the opportunity of lotteries was discussed, but in the course of the century and more especially the years during which we live, it appears to be that, generally speaking, the principle was accepted.

I do not believe I exaggerate in saying that it is human to wish at times to tempt fortune, and to deny this tendency of mankind, almost an instinct, is to commit a grave error, in my opinion.

Do I exaggerate in saying that most things in life are a lottery, commencing with birth, and the hazards of success? A simple hazard at times changes the life of a man completely; an unforseen event, an accident along the highway causes a detour in one's life. Hazard to a man hitherto without success may bring success, even as the accident upon the highway of life may in a few hours strip success from one who has hitherto enjoyed it. Con-

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sequently, we are justified in saying that very often the destiny of a man is the result of hazard.

Certain sceptics, and those with ironic trends, may perhaps say that I am putting aside the inherent qualities of man, such as energy, willingness, intelligence and the talents which enable a man to make his own way. Far from that is my thought, for I recognize these qualities as essential, but I do add simply that at times they are not sufficient. Furthermore, deny it or not, in all human beings there is desire to tempt fortune. A bet is natural, whether in the realm of sports, whether at the race track, or on the Stock Exchange. Ask any man, no matter who he may be, whether at some time or another, he has not been tempted to take a chance. If he replies in the negative, take his word if he gives it. If he does not pledge himself, you may doubt his reply.

ORIGIN OF LOTTERIES

The birth of lotteries originates in this desire to tempt chance. The first lotteries go back into the distant past, and those of which we have a record show they existed in Rome under Augustus and Nero, though I admit they were of a rudimentary nature. They consisted in setting aside certain days when at the Arena little slips of paper upon some of which were written, for example, the word slave, or horse, or something else, were thrown to the crowd. The other slips were in blank. The crowd rushed to gather the little papers, and those who got one on which the word slave was written received a slave; those who were fortunate enough to seize slips with the word horse were given horses. It will be admitted that the process was elementary.

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It was in the 14th century in Italy that the organized lottery came into existence. It was a private affair, and not a State matter, and was termed the "Lotto". I beg to be excused for not going into details as to the combinations of figures.

In France it was in 1533 that for the first time the principle of the lottery was accepted, and it was only after considerable time that in the Netherlands, at Ghent, at Utrecht, and Bruges, and elsewhere, the idea also prevailed.

It is to be noted that the first lottery in France, that in 1533 was organized for the purposes of charity, and some time later, in 1589, there was a great lottery held under the official permission of Charles Quint, so we see that great names have been attached to lotteries in the past.

LOTTERIES IN FRANCE

In regard to French lotteries, I may refer to an interesting book published by Pierre Coste on "Les loteries d'Etat en Europe et la loterie Nationale" (State lotteries in Europe and the National lottery). The House will be enlightened on certain details given on pages 21 and 23, I am certain.

"An authorization was granted by Francis the First to Jean Laurent to establish lotteries on conditions that he paid to the royal treasury an annual tax of two thousands pounds (tournois)." This authorization was granted on the ground, it is to be noted, that illegal gambling should be prevented, and in particular to prevent the exportation of capital arising from French citizens subscribing to foreign lotteries.

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Under Louis XIII the system was continued, and finally under Louis XIV, after the lottery had been rejected as official, it was accepted as an amusement for the court when 3000 tickets were distributed gratuitously to the ladies.

Two years later the proceeds of a lottery permitted the construction of the General Hospital of Paris, and of founding that of Lyons. A lottery for the benefit of the poor was organized. Angers also organized a lottery for the construction of a college, and Amiens for a hospital, so we can see that the basis of the authorization for lotteries in France was always linked to the matters of education and charity.

When the upheaval of 1789 came in France, lotteries were prohibited, following the custom towards excess at such times. The Convention abolished them in 1793, yet, they were permitted for charitable purposes only, though under conditions very difficult to follow.

What may interest the House is that New France was not founded without the desire also being prevalent of tasting the excitement of chance which the lottery brings. In the report of the archivist of Quebec, 1923-24, this, from an unknown source, will be found:

"I will add only one fact upon which you may find it strange that I say nothing, namely, whether the Governor engages in commerce. I reply in the negative, but his wife, who never wishes to lose occasion to make money, maintained up to the end of the winter at the Chateau de Quebec a room—to use no worse expression—in which goods have been stored and disposed of by means of a lottery."

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On pages 144, 145 and following, the description of the goods which were disposed of at the lotteries by individuals with or without the authorization of the government,—something which cannot be determined,—is given. There was the Comparet lottery on March 23rd, 1727, the Jean Baptiste Lozeau lottery in 1730, that of Sieur Landon, that of Sieur Bruguiere in 1632, that of Gaspard Chaussegros de Lery, engineer-in-chief of New France, in 1732.

France often changes its regime, and laws appear also to change with each regime, so in 1836 all lotteries were prohibited in France except for welfare works, or to encourage the arts. In 1909 Clemenceau, noticing that there were private lotteries in operation drafted a law and Briand in 1910 completed it. This made it impossible for private or public lotteries to continues in France. In 1933 Mr. Lamoureux proposed the lottery which at the present time is known throughout the world, and which has as its aim the legalization of profit judged to be legitimate, and, secondly, and above all, to keep in France money which might otherwise go into foreign lotteries.

From the moral point of view, if I may be permitted, I will cite Rev. Father Brouillard on the subject on January 15th, 1934. He declares that Christian standards tolerates lotteries as all other games of chance when the conditions are decent, and there is moderation and honesty.

Here I would make a diversion. There are few taxes which are voluntary. There are amusement taxes, taxes on sport events, on the race tracks; there are taxes on the purchase of liquors, but there are no taxes which can be more voluntary than those which the citizens of Quebec would pay than the money they would use to help charity and education by buying lottery tickets.

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FLIGHT OF CAPITAL

I would be happy to be able to cite figures in this House to show what amounts yearly leave Canada and the province of Quebec through the purchase of tickets on lotteries of all kinds. I cannot give these details for the excellent reasons that those concerned with the lotteries are not anxious for that kind of publicity. However, I do know that one agent of one of the greatest lotteries operated, which I may be pardoned for not mentioning, declared to one of his sub-agents that he had sold 120,000 books, 10 tickets to the book, at $1 each ticket, which means $1,200,000 through the hands of one agent. An article by Howard McLellan in Readers Digest will give the House considerable information on the question of money being drained off by foreign lotteries.

"A recent declaration of the postal authorities at Washington attest the fact that lotteries alone have drained off three billion dollars in the last three years from the people of the United States. This does not include American lotteries which operate without the government knowing it or, being able to stop".

"In the State of New York and in New England ticket sellers dispose of tickets to the value of $8,500,000 per month. In one instance 17 million dollars worth of counterfeit tickets were seized."

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THE CODE

I mention these facts in order to show that what we are seeking to do has already been done by others, and perhaps they were as wise, and possibly wiser than we. It will be objected that there is the Criminal Code. We have thought of that, and the resolutions and bill provide that the lottery may be held only if there is no prohibition against. We provide also that if it should please the House of Commons to accept the principle of a national lottery we will not hold one, since it is to be noted that if there is to be a Canadian lottery established the profits will be divided on a pro rata basis amongst the provinces.

How much can be made? Obviously, this is a difficult question to answer, but I believe that, allowing 60 per cent to go in prizes and 40 per cent for the institutions and the cost of operation, we will obtain close to two millions.

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I prefer to set the figure low, and be contradicted later by a much higher figure.

Without referring to previous debates in the House this session, I may say that references have been made to our orphanages, our refuges, our hospitals and institutions of charity generally. We have a public charities Fund which it will be readily agreed cannot fulfill all its functions except in times of prosperity, since it depends solely upon things de luxe as to its replenishment, and for the last two years our people cannot be blamed if they have deprived themselves of amusements in order to have bread, with the result that the amusement tax, the meal tax, the "rake-off" on the betting at the race tracks have fallen heavily.

We will tell the people, if the House permits, that here is a voluntary tax. No one is obliged to pay it and may refuse it, but if you accept it, you will also have a chance to win a prize, and at the same time you will be serving the cause of the poor, and helping to maintain the scholastic institutions which educate your children.

Unquestionably, I have a great attachment to all the hospitals and institutions which care for the people, but there is one institution which is charged with the task of furnishing the men who will be the elite of our population, and of this institution I will say but a few words.

UNIVERSITY OF MONTREAL

Men are not eternal, and their passage even in the direction of business enterprises can only be temporary, if not only, often, but fleeting. Men pass on, others must

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take their places. It is wrongful not to seek to replace the men of today by others of greater competency, greater skill, and of greater training. I look therefore, upon the universities of Laval at Quebec, of the University of Montreal, of McGill, and that at Lennoxville (Bishop's College University) as reservoirs of energy and will power of which tomorrow's generation will have need. Nothing could be more pitiable, and I speak not only from the French-Canadian point of view but from the general Canadian viewpoint, than to see the University of Montreal disappear because of financial stress. Would that not be a national disaster?

The more we educate the French-Canadian, the more we guide his mind, the more we make him competent, the stronger will Canada become, and the greater will Canada become. The country cannot dispense with the services of the French-Canadian. In thinking of the university buildings on the mountain side, I remember the cemetery which is nearby, and in which lies the mortal remains of a population about equal to that of Montreal today. If it should be that the university enterprise which we have commenced should not be brought to fruition, then, indeed, we will be creating another cemetery which will be more sad than the one already filled.

I recall with a pride, with a sense of honour, with an attachment I do not hide the three years I attended the University of Montreal. Would that all the province could hear me when I affirm that the University of Montreal is not the place of the rich, not the home of the "rich man's son" any more than it is the home of the sons of fathers who just manage to get along. To the contrary, the great majority of the 1441 students there are sons of

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workmen, of farmers, or merchants who are in a small way of business, grocers, and others, whom the hazards of birth did not prevent from having brains capable of being developed, so that tomorrow, when placed at the head of affairs, they may turn to their compatriots in times of crisis, when minds are troubled, rumors afloat, and discouragement abounds, and tell them what I am saying today, namely, "Look at what may be done with the sons of the people, of the mass, for I am of them, for we are a people who keep our heads, who build our intelligence, and our brains, by means of well-directed education."

Therefore, I say to the members who represent rural constituencies in the district of Montreal: "When you are spoken to of the University of Montreal do not become detached in your attitude." In fact, the proportion of sons of the country at the University of Montreal is greater even than that of the sons of the city itself.

Would you not, Mr. Speaker, would we all not be happy to assure the University of Montreal authorities tomorrow that they can go ahead with their work, complete buildings, receive students—our intelligent youth—because there is nothing to fear as to the future because of this voluntary aid which we wish to give?

I close with an appeal to the federal authorities. I know it is always difficult to discuss those matters which are said to be governed by conscience. I know that in many matters there are to be found "conscientious objectors", but why refuse this to us since it is apparent that there is unanimity of opinion here, and we are ready to lead the way in the matter?

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Once more, Quebec is showing the road, and says to the federal authorities, to the Rt. Hon. Mr. Bennett, to the Rt. Hon. Mr. Meighen:

> *"I have no right to discuss your opinion but even though you are convinced that you are correct, why not also admit that we may also be correct? You wish to do good in one manner; we wish to do good in another manner. Let us have the opportunity of helping our charitable institutions and our scholastic institutions. And I close my plea to Ottawa by adding: "I beg of you to permit us to do good in our province."*

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(BILL DE L'ASSEMBLÉE No 41)

Loi autorisant l'organisation d'une loterie pour fins éducationnelles et d'assistance publique

SA MAJESTÉ, de l'avis et du consentement du Conseil législatif et de l'Assemblée législative de Québec, décrète ce qui suit:

1. Il est loisible au lieutenant-gouverneur en conseil d'organiser une loterie appelée "Loterie de la province de Québec," et d'en déterminer la durée, les tirages, les conditions et les modalités.

2. Le produit de la loterie, après déduction des montants déterminés pour les lots et de ceux nécessaires pour acquitter les dépenses d'organisation et de la vente des billets et les autres dépenses incidentes, ainsi que les traitements des officiers et employés nommés en vertu de l'article 3, doit être employé exclusivement à des fins éducationnelles ou d'assistance publique, poursuivies dans la province et désignées par le lieutenant-gouverneur en conseil.

3. Le lieutenant-gouverneur en conseil peut nommer les officiers et employés nécessaires pour la mise à exécution de la présente loi.

Le traitement de ces officiers et employés est fixé conformément aux dispositions de la Loi du service civil (Statuts refondus, 1925, chapitre 10.)

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4. Le lieutenant-gouverneur en conseil, en attendant la perception des sommes provenant de la loterie, peut autoriser le trésorier de la province, à avancer à même le fonds consolidé du revenu, les deniers requis pour en payer les dépenses d'organisation et de la vente des billets et les autres dépenses incidentes, ainsi que les traitements des officiers et employés nommés en vertu de l'article 3.

Une comptabilité spéciale de ces avances doit être tenue au département du trésor, et le produit de cette loterie doit d'abord être employé à leur remboursement.

5. Le lieutenant-gouverneur en conseil peut édicter, amender ou abroger des règlements, en ce qui concerne toutes les matières qui se rattachent à l'organisation de la loterie, et à la mise à exécution de la présente loi, non prévues par l'article 1.

6. Le pouvoir, attribué au lieutenant-gouverneur en conseil par l'article 1, n'est exercé que si une loterie de la nature de celle visée par la présente loi n'est pas prohibée par un statut du parlement du Canada.

Ce pouvoir ne peut non plus être exercé, si le parlement du Canada autorise le gouvernement canadien à organiser une loterie générale dans tout le Canada pour des fins semblables à celles prévues par les dispositions précédentes.

7. Le secrétaire de la province est chargé de la mise à exécution de la présente loi.

8. La présente loi entrera en vigueur le jour de sa sanction.

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(ASSEMBLY BILL No. 41)

An Act to authorize the organizing of a lottery for educational and public charitable purposes

HIS MAJESTY, with the advice and consent of the Legislative Council and of the Legislative Assembly of Quebec, enacts as follows:

1. The Lieutenant-Governor in Council may organize a lottery called "Lottery of the Province of Quebec", and determine the duration, drawings, conditions and manner thereof.

2. The proceeds from the lottery, after deducting the amounts fixed for the prizes and those required to pay the expenses of organization and of selling of tickets and the other incidental expenses, as well as the salaries of the officers and employees appointed under section 3, must be employed exclusively for educational or public charitable purposes carried on in the Province and designated by the Lieutenant-Governor in Council.

3. The Lieutenant-Governor in Council may appoint the officers and employees necessary for the carrying out of this act.

The remuneration of such officers and employees shall be fixed in accordance with the provisions of the Civil Service Act (Revised Statutes, 1925, chapter 10).

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4. The Lieutenant-Governor in Council, pending the collection of the sums derived from the lottery, may authorize the Provincial Treasurer to advance, out of the consolidated revenue fund, the monies required to pay the expenses of organization and of selling of tickets and the other incidental expenses, as well as the salaries of the officers and employees appointed under section 3.

A special account of such advances must be kept in the Treasury Department, and the proceeds from such lottery must be used first for their repayment.

5. The Lieutenant-Governor in Council may enact, amend or repeal regulations concerning all matters connected with the organization of the lottery, and with the carrying out of this act, not provided for by section 1.

6. The power given to the Lieutenant-Governor in Council by section 1 shall be exercised only if a lottery of the nature of that contemplated by this act is not prohibited by a statute of the Parliament of Canada.

Moreover, such power shall not be exercised if the Parliament of Canada authorize the Canadian Government to organize a general lottery in the whole of Canada, for purposes similar to those contemplated by the preceding provisions.

7. The Provincial Secretary shall be charged with the carrying out of this act.

8. This act shall come into force on the day of its sanction.

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LA QUESTION
des
LOTERIES

Texte des discours prononcés à l'Assemblée
Législative de Québec, le 14 mars 1934,

par

L'HONORABLE ALEXANDRE TASCHEREAU
Premier Ministre

et

L'HONORABLE ATHANASE DAVID
Secrétaire de la Province

QUEBEC
1934

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L'honorable M. Alexandre Taschereau

Monsieur l'Orateur,

J'ai écouté l'honorable chef de l'Opposition avec beaucoup d'attention. C'est mon impression qu'il va voter en faveur du bill. Le ton de son discours me l'a laissé supposer.

J'ai eu l'occasion, à Ottawa, lors de la dernière conférence interprovinciale, de soulever la question des loteries et de demander la collaboration des autres provinces. Et je vous dirai que, même dans les coulisses, on m'a dit: "Allez-y!". Il y avait parmi les interlocuteurs un certain nombre de "conscientious objectors" qui, ouvertement, étaient contre les loteries au Canada.

LA LOI ACTUELLE EST UNE SOURCE D'ENNUIS

Vous ne sauriez croire comme il est parfois ennuyeux d'être procureur-général de la province de Québec et d'être obligé d'appliquer la loi fédérale actuelle qui prohibe les loteries. L'article 236 du Code criminel interdit toute loterie, sous quelque forme que ce soit, sous peine de deux années d'emprisonnement. Il n'y a pas d'exception, si ce n'est dans le cas d'un bazar où l'on peut mettre un objet en loterie, à condition qu'il ne vaille pas plus que $50.

De plus, cet objet doit avoir été offert en vente sans que l'on ait pu en disposer.

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Toutefois, cet article du Code criminel fait une exception, et je me demande qui l'a suggérée. Il permet aux Canadiens de prendre part à des loteries qui se tiennent à Londres, sous le nom de Art Union. Il n'est pas permis de dépenser un seul dollar au Canada pour une loterie locale, mais on peut dépenser des millions, même jusqu'à son dernier sou, pour des loteries de Londres. J'ai assez de fierté nationale pour croire que nous pourrions faire la même chose ici.

Actuellement, nous sommes obligés d'appliquer l'article 236 du Code criminel. Ce matin même, je recevais de M. Edwards, sous-ministre de la justice, à Ottawa, une liasse de billets d'une loterie organisée par une école de religieux, en faveur de leur école même. Et le sous-ministre me disait: "C'est vous qui êtes le procureur-général de la province de Québec; appliquez la loi!" Il nous faut marcher, c'est la loi. J'ai été obligé de poursuivre des hôpitaux et je serai obligé de le faire tant que la loi fédérale actuelle existera. Encore une fois, nous sommes dans une situation très ennuyeuse, car il nous faut sévir contre tous ceux qui tiennent des loteries, qui vendent des billets, qui en achètent, quelque bon et excellent que puisse être leur but.

POUR L'UNIVERSITÉ

L'Université de Montréal a cru trouver un système quelconque pour réaliser les fonds qui lui sont nécessaires. On est venu nous soumettre ce projet. J'ai répondu: "En vertu de l'article 236 du Code criminel, si vous établissez une loterie, je serai obligé de saisir vos billets."

Il n'y a pas d'autre chose à faire que de demander à Ottawa d'amender le Code criminel. Encore une fois, la loi est très sévère. Tous les journaux qui annoncent une

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loterie, tous ceux qui achètent, vendent ou distribuent des billets sont passibles d'un emprisonnement de deux ans.

AMENDONS LA LOI

Lors de la dernière conférence interprovinciale, j'ai demandé à M. Hugh Guthrie, ministre de la justice, d'amender cette loi. M. Guthrie a avoué que la loi actuelle va trop loin. M. Bennett a répondu: "Nous présenterons au parlement un projet pour modifier cette loi, dès la prochaine session, et nous en ferons une question libre."

Une législation a été présentée au Sénat pour légaliser les loteries, et la Chambre Haute l'a acceptée. Sera-t-elle acceptée aux Communes? Je le souhaite.

Quel est actuellement l'état de choses dans la Province de Québec?

Les ressources de l'Assistance publique sont insuffisantes, et l'enseignement supérieur requiert des subsides plus considérables. Il nous faut trouver d'autres sources de revenus. Car les fortunes privées ont été écornées, sinon détruites par la crise. Nous ne pouvons plus demander aux riches de faire les sacrifices qu'ils faisaient, ni grever le peuple de taxes nouvelles. D'ailleurs, bon nombre des riches d'hier sont devenus les pauvres d'aujourd'hui. L'obole de chacun pourrait nous aider. Sait-on que l'argent de la province de Québec est drainé par les loteries de France, d'Irlande, d'Espagne, d'Australie et même des Indes? L'autre jour, à une réunion, tous les hommes présents avaient un billet de loterie.

Lors de la conférence interprovinciale, quand j'ai parlé de loteries, j'ai dit à ces messieurs: "Je suis certain que si je regardais dans vos poches, j'y trouverais un billet de loterie!". Personne n'a osé nier cela.

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L'argent de la province de Québec, comme celui des autres provinces, est donc drainé par les loteries étrangères.

Si nous avions une loterie dans Québec, nous serions assurés que tous y contribueraient. Mais il y a plus. Je crois que les Canadiens-Français de la Nouvelle-Angleterre voudraient prendre part à notre loterie et aider ainsi les institutions de bienfaisance de notre province.

Constamment, je reçois des États-Unis des plaintes au sujet des billets vendus chez nos voisins et qui sont censés venir de la ville de Québec, sous le patronage du gouvernement provincial. Ce qui est évidemment faux, car ces prétendues loteries n'existent pas.

Sir Thomas Tait écrivait qu'en 1932 les hôpitaux irlandais ont retiré $50,000,000 des loteries et sweepstakes d'Irlande. Il affirme que la population de la moitié du Canada prend des billets de loteries étrangères. La loterie nationale française a fait $35,000,000 de profits, composés non seulement de l'argent des Français, mais aussi du nôtre et de celui de tous ceux qui y souscrivent dans le monde entier. Pourquoi ne pourrions-nous pas avoir notre loterie pour aider nos institutions d'enseignement ou d'assistance publique ?

UNE LOTERIE NATIONALE

Je voudrais, pour ma part, que nous ayons une grande loterie canadienne, sous la direction du gouvernement d'Ottawa.

Nous voulons demander à Ottawa de créer une loterie nationale comme celle qui existe en France. Cela vaudrait mieux qu'une loterie dans chaque province; parce que, si chaque province a sa loterie, il y aura un concours entre elles, et l'on se demande où cela pourrait conduire. Tandis que, si nous avons une loterie nationale, sous les auspices

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du gouvernement fédéral, je sais qu'en outre d'être aussi honnêtement conduite, les profits en seront divisés au prorata de la population de chacune des provinces pour fins éducationnelles et charitables.

Ottawa, qui avait prohibé les titres, vient de revenir sur sa décision. On pourra de même, un jour, revenir sur la décision au sujet des loteries, et ce jour n'est pas éloigné. Lorsqu'on nous aura donné une loterie nationale, nous dirons: "Allez-y! nous abandonnons la nôtre".

CONCLUSION

Malgré la loi sévère qui prohibe les loteries, il s'en organise partout actuellement. Nous sommes incapables de faire respecter la loi, car l'opinion publique les veut et compte sur elles.

Nous désirons nous rendre à la demande générale.

Le Sénat vient de voter la loi des loteries. J'espère que M. Bennett, qui a promis de laisser la question libre pour les députés, amendera le Code criminel pour nous permettre, à nous de la province de Québec, d'organiser des loteries.

Je ne sais pas encore de quelle façon nous procéderons. Nous ferons peut-être venir de France un des hommes attachés à la grande loterie nationale française, pour lui demander d'organiser la nôtre. C'est la procédure que nous avons suivie lorsque nous avons créé notre système des statistiques provinciales, qui est le meilleur au Canada.

Je voudrais que la Chambre fût unanime à dire qu'une loterie provinciale est nécessaire, et sauverait même, peut-être, une de nos grandes institutions universitaires canadiennes.

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L'honorable M. Athanase David

Monsieur l'orateur,

Avant que d'étudier le bill dont il est question, je crois que certaines remarques s'imposent. Les loteries, à travers le monde, ont été, à différents temps, différemment appréciées. On en a discuté quelquefois la moralité, on en a discuté davantage l'opportunité mais finalement, au cours du siècle et plus particulièrement des années que nous vivons, il semble qu'un peu partout on en ait accepté le principe.

Ce ne serait pas, je crois, exagéré de prétendre qu'il est humain de vouloir tenter parfois le hasard et celui-là qui le niera, qui niera cet instinct, cette tendance chez l'homme, commettra, il me semble, une bien grave erreur.

Est-ce que j'exagérerais si je disais que dans la vie, tout est loterie. La naissance en est une première, la réussite et le succès aussi. Un simple hasard parfois change complètement la vie d'un homme. Un événement imprévu, un accident de la route de la vie change son orientation. D'un homme qui n'avait pas de succès, le hasard fait un homme qui en a, comme souvent, au contraire, un simple accident de la route de la vie enlève en quelques heures tout le succès qu'un homme jusque là avait eu. C'est conséquemment affirmer que très souvent la destinée d'un homme est le résultat du hasard.

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Certains sceptiques ou ironistes pourraient dire, m'entendant parler, que je mets de côté les qualités inhérentes de l'homme qui lui permettent: volonté, énergie, intelligence et talents de faire son chemin seul s'il le veut. Loin de là. Je reconnais toutes ces qualités comme essentielles, je dis simplement que quelquefois, elles ne suffisent pas.

De plus, dans tout être humain, qu'on veuille bien l'admettre ou le nier, peu importe, il y a l'esprit de chance. Il cherche, je le disais tantôt, à tenter le hasard. Le pari pour lui est chose habituelle, que ce soit dans les sports, que ce soit aux courses, que ce soit à la bourse.

Demandez à n'importe quel homme, quel qu'il soit, si de temps à autre, il n'aime pas à tenter la chance. S'il vous répond non, acceptez sa parole, s'il vous la donne. S'il ne vous la donne pas, vous pouvez en douter.

ORIGINE DES LOTERIES

Ce désir de jeu, ce désir de tenter la chance est à l'origine des loteries. Les premières loteries remontent fort loin. Les premières dont il est fait mention sont sous Auguste, dans Rome et sous Néron. J'avoue qu'elles étaient rudimentaires. Elles consistaient en certains jours de jeux, de cirque, à laisser tomber dans la foule des petits billets sur lesquels était inscrit par exemple, la mention: un esclave, un cheval, un pot de terre, etc. Les autres billets étaient en blanc. La foule se précipitait pour ramasser les petits billets et celui-là, qui, par exemple, ramassait celui sur lequel était inscrit un esclave, un cheval, allait réclamer son dû. C'était on l'avouera, fort rudimentaire.

C'est en Italie, au 14e siècle, que pour la première fois apparaît la loterie organisée. Elle était privée et non d'État. Elle portait le nom de "Lotto". On me pardon-

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nera de ne pas donner ici de détails car les combinaisons de ces loteries faites avec des chiffres sont innombrables.

En 1533, pour la première fois, en France, est accepté le principe des loteries, et ceci après que depuis longtemps dans les Pays Bas, à Gand, à Utrecht, à Bruges et ailleurs on l'avait accepté.

En 1533, en France, la première loterie est donc organisée et ce qui est intéressant à noter, c'est qu'elle eût lieu pour des fins de charité. A quelque temps de là, vers 1589, avait lieu à Malines une grande loterie permise officiellement par Charles Quint. C'est donc dire que de grands noms se sont attachés aux loteries dans le passé.

LES LOTERIES EN FRANCE

En ce qui regarde les loteries françaises, je cite d'un livre intéressant publié par Pierre Coste sur "*Les loteries d'État en Europe et la loterie Nationale*". Aux pages 21 et 23, certains détails éclaireront, j'en suis sûr, la Chambre.

"Une autorisation fut accordée par François 1er à Jean Laurent d'établir des loteries à condition qu'il versât au trésor royal un droit annuel de deux mille livres tournois." Cette autorisation fut accordée sous le prétexte d'empêcher les jeux illégaux (qu'on note bien) les jeux illégaux et en particulier l'exportation de capitaux qui résultait des nombreuses souscriptions à des loteries étrangères.

Sous Louis XIII on continue et finalement, sous Louis XIV, après avoir refusé d'accepter la loterie comme officielle, on l'accepta comme un divertissement pour la Cour alors qu'on distribuait 3,000 billets gratuitement aux dames.

Deux ans plus tard, le produit d'une loterie permet la construction de l'Hôpital Général de Paris et de fonder celui de Lyon. Une loterie en faveur des pauvres est orga-

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nisée. Angers organise aussi une loterie pour construire un collège et Amiens un hôpital. On voit par là qu'à la base de l'autorisation donnée pour des loteries en France, il est toujours question de charité et d'éducation.

Lorsque vint la tourmente de 1789 en France, comme il arrive souvent dans ces moments-là, on verse dans l'exagération et on défend toute loterie. En effet, la Convention les abolit en 93. Toutefois, on les permet pour fins de charité seulement et à des conditions fort difficiles à accepter.

Ce qui intéressera peut-être la Chambre, sera de savoir, que la Nouvelle-France ne fut pas sans avoir le désir, elle aussi, de goûter au jeu de hasard qu'est la loterie. Dans le rapport de l'Archiviste de Québec de 1923-24 on trouve à la page 141, ce qui suit, extrait d'un mémoire anonyme.

"J'y ajouterai seulement un article sur lequel vous trouverez peut-être étrange que je ne dise rien, savoir si M. le Gouverneur fait quelque commerce. Je vous dirai que non mais que Madame la Gouvernante, qui est d'humeur à ne pas négliger l'occasion du profit, a fait, jusqu'à la fin de l'hiver dernier, tenir dans le Château de Québec une chambre, pour ne pas dire une boutique, pleine de marchandises et trouvé moyen après cela de faire une loterie."

Aux pages 144, 145 et suivantes, on donne la nomenclature des articles qui furent mis en loterie par des particuliers avec ou sans l'autorisation du Gouverneur (impossible de le savoir): loterie du nommé Comparet (23 mars 1727) loterie de Jean Baptiste Lozeau (1730) loterie du Sieur Landron, loterie du Sieur Bruguière (1732) loterie de Gaspard Chaussegros de Léry, ingénieur en chef de la Nouvelle France (1732).

La France change souvent de régime et à chaque régime les lois semblent changer aussi. En 1836, on interdit de

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façon définitive toute loterie en France sauf pour des œuvres de bienfaisance ou encouragement aux arts.

En 1909, Clémenceau, se rendant compte qu'il y a des loteries privées qui fonctionnent, prépare une loi et Briand, en 1910, la complète, ce qui rend impossible pour la France, la tenue de loteries privées ou publiques.

En 1933, Monsieur Lamoureux propose la loterie qui, à l'heure actuelle, est connue du monde entier et qui a pour but de légaliser un gain qu'elle juge légitime et deuxièmement—et surtout, de garder en France les capitaux qui peuvent aller à l'étranger pour des loteries.

Au point de vue moral, je citerai si l'on veut bien me le permettre ce que monsieur l'abbé Brouillard dit, lorsqu'il se prononce, dans les Cahiers d'action religieuse et sociale du 15 janvier 1934. Il affirme que la morale chrétienne tolère la loterie comme elle le fait de tout autre jeu de hasard joué dans des conditions convenables de modération et d'honnêteté.

J'aimerais maintenant mettre un jalon. Il y a peu de taxes qui soient volontaires. Il y a les taxes d'amusement, les taxes sur les sports, les courses; il y en a sur l'achat de produits alcooliques mais il n'y a pas de taxes qui soient plus volontaires que celle-là, que les citoyens de la province de Québec paieront, bien entendu s'ils le veulent bien, pour encourager nos maisons d'éducation et de charité en prenant des billets de loterie.

NOTRE ARGENT S'EN VA

J'aurais aimé infiniment être capable de citer en cette Chambre des chiffres pour établir le montant des sommes qui s'en vont du Canada et de la province de Québec, chaque année, en billets de loteries de toutes sortes. Je n'a

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pu me procurer ces détails pour l'excellente raison que ceux-là qui s'en occupent n'aiment pas à en faire publicité.

Toutefois j'ai un détail; un seul agent distributeur d'une des plus grandes loteries au monde, (qu'on me permette de ne pas la mentionner), affirmait à un de ses sous-agents que l'an dernier il avait vendu 120,000 livrets, de 10 billets le livret, à un dollar chacun, soit $1,200,000 pour un seul agent.

Dans le numéro du *Readers' Digest*, un article publié par Howard McLellan tendra, je crois, à renseigner cette Chambre, sur ce que les loteries étrangères peuvent drainer d'argent de notre pays.

"Une déclaration récente du département des Postes de Washington atteste que les loteries seules ont drainé des États-Unis dans les trois dernières années, trois milliards de dollars. Ceci ne comprend pas les loteries américaines qui fonctionnent, sans que le gouvernement le sache et puisse les arrêter."

"Dans l'État de New-York et dans la Nouvelle-Angleterre, on peut affirmer que chaque mois les opérateurs, les vendeurs de billets en disposent pour au delà de huit millions 500,000 dollars. Dans un autre cas, il était saisi 17 millions de billets de loterie falsifiés."

"Dans une ville de 10,000 âmes, il y avait, aux États-Unis, 112 loteries locales qui fonctionnaient. Dans une autre ville de 90,000 âmes de la Nouvelle-Angleterre, les deux tiers de la population jouent à la loterie tous les jours de l'année—et l'article se termine en déclarant que "dans un grand nombre d'État pour mettre fin à cette exploitation de la masse par quelques-uns, on a accepté le principe de la loterie gouvernementale".

La loterie nationale française avait pour but original de rapporter au Trésor 17 millions de dollars, mais elle a dû être diffusée pour permettre à tous les Français, et aux étran-

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gers à travers le monde qui voulaient y participer, de le faire, avec le résultat que le produit atteint maintenant 140 millions de dollars.

A Panama et au Mexique, il y a des loteries qui fonctionnent et rapportent près de vingt millions par année. En Espagne, au moment de la Noël, on fait une loterie de 25 millions. Mussolini, qui a aboli bien des choses, conduit lui-même un grand nombre de loteries pour les travaux publics en Italie. Hitler a aussi installé une loterie et la Suisse a une loterie nationale qui devient très populaire.

Je mentionne ces faits pour établir que ce que nous tentons de faire, d'autres l'ont fait avant nous qui étaient aussi avertis et peut-être davantage.

LE CODE

On m'objectera: vous avez un code criminel, une prescription de la loi qui interdit les loteries. Nous avons égard à cette défense. La résolution et le bill pourvoient que la loterie ne pourra avoir lieu que s'il n'y a aucune loi prohibitive à l'encontre. Nous pourvoyons aussi que s'il plaisait à la Chambre des Communes d'accepter le principe d'une loterie nationale, la nôtre disparaîtrait car il y a lieu de compter que, si une loterie nationale canadienne était établie, le produit serait divisé au pro-rata de la population de chacune des provinces.

Combien pourrons-nous réaliser? On me permettra de répondre que c'est là un énorme point d'interrogation. Mais j'affirme que le montant perçu, en accordant 60 p.c. en lots et en allouant 40 p.c. pour les institutions et les frais d'administration, atteindra bien près de deux millions. J'aime mieux mettre les chiffres bas et arriver à un grand total plus tard.

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Au cours de cette session, je n'entends référer à aucun débat antérieur, allusion à été faite à nos hospices, à nos orphelinats, à nos hôpitaux et à nos institutions de charité. Nous avons un fonds d'assistance publique qui ne peut être comblé (on l'aura compris immédiatement) qu'en temps de prospérité puisque nous comptons exclusivement sur le luxe, si je peux dire, pour le grossir. Depuis deux ou trois ans, à cause des difficultés que nous traversons, le peuple de notre province, n'a cru pouvoir mieux faire (et qui l'en blâmera ?) que de se priver d'amusements pour ne pas priver la maison de pain, avec le résultat que le sou du pauvre, le sou du repas, le pourcentage des courses et des paris mutuels, ont affreusement baissé.

Nous irons devant le peuple, si la Chambre nous le permet, et nous lui dirons et je tiens à le répéter: voici une taxe volontaire, nul d'entre vous n'est obligé de l'accepter, vous pouvez la refuser mais si vous l'acceptez, en même temps que vous courez votre chance et que vous cédez peut-être à un attrait, vous rendez service aux pauvres et vous rendez service aux maisons qui instruisent notre jeune génération.

Certes, j'ai beaucoup d'attachement pour tous les hôpitaux et les maisons d'hospitalisation, d'hébergement de la province mais il est une institution, dont je ne dirai que quelques mots, qui est chargée de fournir à une partie très important de notre province, les hommes qui demain composeront l'élite de notre population.

L'UNIVERSITÉ DE MONTRÉAL

Les hommes ne sont pas éternels. Leur passage même à la direction des affaires ne peut être que temporaire lorsqu'il n'est pas souvent simplement éphémère. Les hommes

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passent, il en faut d'autres pour prendre leurs places. Dans un peuple où l'on ne chercherait pas à faire remplacer ceux qui partent par des hommes encore plus compétents, par des hommes mieux préparés, par des hommes d'une instruction plus intensive, on aurait tort.

Je regarde donc nos universités, celle de Québec comme celle de Montréal, de McGill, de Lennoxville, comme des réservoirs d'énergie et de volonté dont la génération de demain aura besoin. Rien ne serait plus pitoyable, et je ne me place pas au point de vue strictement canadien français, je me place au point de vue canadien, que de voir l'Université de Montréal disparaître pour une cause financière. Quel désastre national ce serait!

Plus nous instruirons le canadien français, plus nous orienterons son esprit, plus nous en ferons une compétence, plus le Canada sera fort, plus le Canada sera grand.

Le pays ne peut pas se dispenser de l'apport canadien-français.

Aussi bien, je pense en même temps à cet édifice sur un flanc du Mont-Royal, opposé à celui-là où est un cimetière. Une population à peu près égale à celle de Montréal est là. S'il fallait que sur l'autre versant la bâtisse demeurât inachevée, le cimetière que nous ouvririons là serait plus pénible encore pour nous que celui déjà rempli.

Je me rappelle avec une fierté, un orgueil, un attachement que je ne cache pas, les trois années que j'ai passées à l'Université de Montréal. Je voudrais que toute la province m'entendît lorsque j'affirme que l'Université de Montréal n'est pas la maison du riche qu'elle n'est pas la maison des "fils de famille", que ce ne sont pas seulement les fils de pères, qui "ont le moyen" qu'on y rencontre. Au contraire, l'immense majorité des 1,441 étudiants qui la fréquentent sont des fils d'ouvriers, de cultivateurs, de petits

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marchands, que le hasard de la naissance n'a pas empêché d'avoir un cerveau susceptible d'un développement tel que demain, placés à la tête des affaires, ils pourront se tourner vers leurs compatriotes, dans des moments de crise, alors que les esprits sont aigris, alors que la rumeur va montante, alors que le découragement sépare des cœurs et des hommes, et leur dire comme je le fais aujourd'hui: "Un peuple qui garde sa tête, un peuple qui nourrit son intelligence, son cerveau, par une instruction bien ordonnée, regardez ce qu'il peut faire avec des fils sortis de la plèbe, du peuple, de la masse, car moi, j'en suis."

Je dis donc aux députés qui ici sont des représentants de divisions rurales du district de Montréal: "Lorsqu'on vous parle de l'Université de Montréal, n'éloignez pas celui qui vous approche." En réalité la proportion des fils de la campagne à l'Université de Montréal est plus forte, plus grande, que la proportion des fils de la cité même.

Aussi bien, ne serez-vous pas, Monsieur l'Orateur, ne serons-nous pas tous heureux, à l'aide de cette souscription volontaire, de pouvoir demain assurer les autorités de l'Université de Montréal qu'elles peuvent continuer leur œuvre, parachever leurs constructions, recevoir les étudiants, les intelligences de chez nous, pour que, regardant l'avenir, nous ne le craignions pas.

Je termine par un appel aux autorités fédérales. Je sais qu'il est toujours difficile de discuter ce que l'on dit être dicté par la conscience. Je sais que sur maintes matières il se trouve des "conscientious objectors" mais pourquoi, puisqu'il semble et j'ose espérer que je ne me trompe pas, puisqu'il semble, dis-je, qu'il y a dans cette Chambre entière, complète unanimité et puisque nous avons le courage de venir en avant les premiers, pourquoi nous refuser ?

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Une fois de plus, la province de Québec prend les devants et dit aux autorités fédérales, au Très Honorable Monsieur Bennett, au Très Honorable Monsieur Meighen:

> *"Je n'ai pas le droit de discuter votre opinion mais bien que vous soyez convaincus que vous avez raison, pourquoi n'admetteriez-vous pas que nous aussi nous puissions avoir raison? Vous voulez faire le bien d'une façon, nous voulons le faire d'une autre. Laissez-nous l'occasion d'aider nos maisons de charité et nos maisons d'éducation. Et je termine en disant à Ottawa: "Je vous en prie, permettez-nous de faire du bien dans notre province."*

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Thomas, 1741

Remind Mr.
Meighen

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9

Mr. Meighen to take to

3

Ottawa.

12

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The Robert Simpson Company

Toronto, Ont.

Interview by D.H. Gibson

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124404

PHONE 3760

Southern Alberta Sheep Breeders Ltd.

1221 Second Ave. South
Lethbridge, Alberta,

February 3rd, 1932.

Rt. Hon. Arthur Meighen,
The Senate,
Ottawa, Ontario.

Dear Sir:

I am enclosing resolution passed at a general meeting of the sheepmen of Southern Alberta, held at Lethbridge, on January 26th, 1932, in conference with Brig. General J. S. Stewart, M.P. for the Lethbridge constituency.

This is an application for the completion of the present tariff structure as relating to wools and manufactures of wools and is, in part, the same as was put forward previous to the Session of September, 1930.

We trust, in the interests of Canada and, more particularly, the primary producers of wool, that this will have your earnest support.

I have the honor to be,

Sir,

Your obedient servant,

N. T. Macleod

....

NTM:EW.
Enc.

Shepherds' Supplies
Wool Sacks
Paper Fleece Twine
Sheep Dip
Branding Fluid
Stock Salt

All Wool
Blankets
Mackinaws
Underwear
Socks
Pants
Shirts

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(COPY)

124402

Lethbridge, Alberta, February 3rd, 1932.

Hon. E. N. Rhodes,
Minister of Finance,
Parliament Buildings,
Ottawa, Ontario.

Dear Sir:

At a meeting of the Sheep Breeders of Southern Alberta, composed of members of the Southern Alberta Sheep Breeders' Association, as well as the independent sheep breeders, in all representing over nine hundred sheep breeders, the owners of approximately 300,000 breeding sheep, held at Lethbridge, Alberta, on January 26th, 1932, the following resolution was adopted:-

WHEREAS:

(a) The sheep raising industry in the Western Provinces as a commercial undertaking, with wool and mutton as its only sources of revenue, is facing extinction unless its revenues can be increased.

(b) Any forced liquidation under the present existing prices and financial conditions would mean ruin to the present owners and only the few with substantial capital resources will be able to postpone this much longer.

(c) The present purchasing power of the meat consuming public has been materially reduced, which, with depreciated currencies in foreign countries, (the sources of our competing imports) will probably defer material improvement in mutton prices.

(d) In the general field of Agriculture sheep raising is one branch with room for expansion, providing the Canadian home market for wool and mutton can be retained to the grower at anything over costs of production, and has an important place,

(1) On the Western ranges, in making productive what might be termed semi-arid areas and providing a regular supply of breeding stock for the farms, lambs for fall and winter finishing, as well as market for feed to the farmers in the near districts, and

(2) On the farms, in fitting in with a better balanced scheme of mixed farming and providing returns for a quantity of otherwise unsaleable home grown fodder and for unused pastures, and both these branches of the industry are well worth preserving, and, if possible, enlarging.

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(e) In the markets of the United States the range wools of the State of Montana and the Provinces of Alberta and Saskatchewan have always been recognized as being similar in type, and commanded the same prices in those markets.

1931 Western wools are bringing to the grower from four to six cents per pound, whereas in Montana, U.S.A., similar types and qualities returned from fifteen to eighteen cents per pound; therefore, there can be no reason for the wide difference between the Montana prices and those in Alberta and Saskatchewan than the protection afforded the Montana Wool Growers because of their import tariff on wools.

We cannot but believe that the enforcement of an import tariff on wools, sufficient to protect the Canadian producer in his home market, would have the same effect of improving prices to the Canadian grower.

(f) With the home consumption in Canada far exceeding production of similar types and grades of wool as are grown in the Dominion and with Europe being the only export market left to us, it appears unfair and unjust that the producer should have to shoulder the added cost of freight, handling and selling in that market (as well as having to accept practically the same net returns for wools sold in Canada) when there should be a ready demand for all his product in the home consuming market.

(g) In the revision of the tariff at the Session of Parliament, September, 1930, all manufactures of wool from the finished product to the yarn stage received substantial increases leaving out wool in the grease, scoured wools, tops and noils as well as all forms of waste, resulting in the Canadian producer being unable to market his product in his own country, demonstrating clearly the fact that only substantial import tariff can improve existing conditions.

THEREFORE, BE IT RESOLVED:

"That we strongly urge upon the Government of the Dominion of Canada that a tariff be placed upon raw wool that will adequately protect the Canadian Wool Growers, and it is respectfully suggested that this should not be less than thirty-four cents per pound general tariff based on the scoured clean content.

To make a tariff on raw wools effective, we understand it will be necessary to include tops, noils, scoured wools and all forms of wool and waste between the raw wools and yarns."

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We have the honor to be,

Sir,

Your obedient servants,

J. A. Ririe,
Geo. C. Millar,
Chris. Jensen,
N. T. Macleod,
(Committee on Resolutions)

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Re - Attached Exhibits.

Form 1. Imports from Great Britain, showing comparative costs 1950 versus 1951

" 2. " " Great Britain and United States, showing present comparative costs

" 3. " " United States, showing comparative costs 1950 versus 1951

" 4. " " Contentinal Countries, showing comparative costs 1950 versus 1951

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Importations from Great Britain

Showing comparisons 1930 versus 1931.

FORM 1.		EXHIBIT NO.
	Cotton and artificial silk fabrics	1 - 2.
	Artificial silk fabric	3.
	Cotton fabrics	4 - 5.
	Wool fabrics	6. - 11
	Wool clothing	12 - 14.
	Wool hosiery	15.
	Wool blankets	16.
	Wool knitted goods	17.
	Linen tablecloths, etc	18 - 21
	Cotton sheets, etc	22 - 24
	Carpets	25.
	Silverware	26.
	Hats	27.

124406

FORM NO 1

EXHIBIT No. 21

Comparative laid down cost.

COTTON & ART SILK PIECE FABRICS FROM ENGLAND.

Prior to September 1930

Art Silk & Cotton fabrics 10 yds @ 18d;-15/-@ 4.86-2/3; $3.65
(3 oz. yd 50% art silk)

For duty

16/7 @ 4.86-2/3;-4.04 @ 20%-10 73¢

Sales Tax

1% on $4.77 05¢

Dumping Duty

Less 1/ per lb (15 ozs) 16-7 -11

15-8 nv.F.M.V.
15-0 s.c.
8 @ 4.86-2/3 16¢ .94

4.59 -25%

1930 Duty & Sales Tax 25%

Present Basis

Art silk & cotton fabrics 10 yds @ 18d;-15/-
(3 oz. yd) 15/- @ 4.18 $ 3.14

For duty

16/7 @ 4.86-2/3;-4.04 @ 27½%-10 1.00

2 1-7/8 lbs @ 30¢ lb -10 .50

Sales & Excise Tax

5% on $5.54 .28

Dumping duty

Less 1/-lb (15 oz) 16-7 -18

15-8 @ 4.40;3.45
15-0 @ 4.14;3.11 .34 2.12

$5.26 -67½%

1931 Duty, Sales Tax and dumping duty 67½%

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Exhibit No 2

124400

FORM NO 1

Comparative laid down cost

ART SILK AND COTTON FABRICS FROM ENGLAND.

Prior to September 16, 1930

For payment

96-11-10 @ 4.86-2/3 $470.08

For duty

104-15-0 @ 4.86-2/3;- 509.78
$[illegible] @ 20%-10 91.80

Sales Tax

1% on $601.80 6.02

Dumping Duty due to
British Excise on Art silk;
fair market value; 104-15-0
Less 1/-lb 96½lb 4-16-3
99-18-9
Selling price 96-11-10
3-6-11
@ 4.86-2/3 16.28 114.10

584.18 -24½%

Duty and Sales Tax 24½%

Present Basis

For payment

96-11-10 @ 4.13 $398.92

For duty

104-15-0 @ 4.86-2/3 -$509.78
$510 @ 27½%-10 $126.25
188 lbs 30/-10 50.76

Sales Tax

4% on $686.99 27.48

Excise Tax

1% on $686.99 6.87 211.34

Dumping Duty due to British
Excise on art silk
fair market value 104-15-0
Less 1/-per lb.96½lb 4-16-3
99-18-9
@ 4.40 $439.73
Selling price 96-11-10
@ 4.09 $395.06 44.67

$654.93 - 64%

Duty and sales Tax and dumping duty 64%

124409

EXHIBIT NO 3

FORM NO 1
Comparative laid down cost

ALL ARTIFICIAL SILK FABRICS FROM GREAT BRITAIN

Prior to September 16th, 1930

Art silk Fabrics
10 yds @ 2/- yd. 1-0-0 @ 4.86-2/3 — 4.87

For duty

1-2-6 @ 4.86-2/3; 5.47 @ 17½%-10 — .87

Sales Tax

1% on 6.34 — .06

Dumping Duty

Less 1/-lb	1-2-6 1-10				
	1-0-8 1-0-0	8d @ 4.86-2/3	.16	1.09	
					$5.96- 22%

1930 Duty and sales Tax 22%

Present Basis

Art silk fabrics
10 yds @ 2/- yd 1-0-0 @ 4.18 — 4.18

For duty

1-2-6 @ 4.86-2/3; 5.47 @ 27½%-10; — 1.35
1-8/8 lbs 30¢ lb -10 — .51

Sales & Excise Taxes

5% on 7.33 — .37

DUMPING DUTY

Less 1/- lb	1-2-6 1-10				
	1-0-8	@ 4.40;4.55			
	1-0-0	@ 4.14;4.14	.41		
					2.64
					6.82 -63%

1931 Duty, Sales Tax and dumping duty 63%

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EXHIBIT NO 4

FORM NO 1

Comparative laid down cost

ALL COTTON PRINTED PIECE GOODS FROM GREAT BRITAIN

Prior to September 16, 1930

Printed cotton Fabrics

10 yds. @ 6½d.;-5/5 @ 4.86-2/3 — 1.32

For duty

$1.32 @ 20%-10 — .24

Sales Tax

1% on $1.56 — .01½

.25½

1.57½ - 19½%

1930 Duty and sales tax 19½%

Present basis

Printed cotton fabrics

10 yds @ 6½d;-5/5 @ 4.18 — 1.13

For duty

5/5 @ 4.86-2/3;- 1.32 @ 22½%-10; 28¢
2½ lbs @ 3¢ lb -10 — 07

Sales & Excise Tax

5% on $1.67 — 08¢

DUMPING DUTY

5/5 @ 4.40;- 1.19
5/5 @ 4.14;- 1.12 — 07¢ — .50

$1.65 -44½%

1931 Duty, Sales Tax & Dumping Duty 44%

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124410 EXHIBIT NO 5

FORM NO 1

Comparative laid down cost

WHITE COTTON FLANNELETTE FROM GREAT BRITAIN

Prior to September 16, 1930

10 yds Cotton flannelette 5-1 8d.yd 4/3d. @ 4.86-2/3 — 1.03

For duty

4/3 @ 4.86-2/3;- 1.03 @ 15% — 15½¢

Sales Tax

1% on $1.18½ — 01 — .16½

1.19½ -16%

1930 Duty and Sales Tax 16%

Present Basis

10 yds. cotton flannelette @ 5-1/8d yd 4/3d. @ 4.18 — .89

For duty

10 yds @ 5-1/8d @ 4.86-2/3;1.04 @ 20%-10 — .19
2¾ lbs @ 3¢/lb-10 — .07

Sales & Excise Taxes

5% on $1.30 — .06½

DUMPING DUTY

Fixes value 4/3 @ 4.40;- .94
Invoice cost 4/3@ 4.14;- .88 — .06 — .38½

1.27½ -43%

1931 Duty, Sales Tax & Dumping Duty 43%

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124412 EXHIBIT NO 6

FORM # 1

COMPARATIVE LAID DOWN COST

WOOL PIECE GOODS FROM GREAT BRITAIN

Prior to September 16, 1930

Wool Fabrics per yd. 3/9 @ 4.86-2/3 .91¢

For duty

3/9 @ 4.86-2/3;-91¢ @ 27½%-10 25¢

Sales Tax

1% on 1.14 01¢ .26¢

1.15 -26½%

1930 Duty, sales Tax 26%

PRESENT BASIS

Wool fabrics per yd. 3/9 @ 4.18 78¢

For duty

3/9 @ 4.86-2/3; 91¢@ 27½%-10 .23

5 oz. 25¢ 1b-10 .07

5% sales & Excise taxes .06

DUMPING DUTY

3/9 @ 4.40 ;- 83¢
4.14 ;- 78¢ .05¢ 41¢

1.19-52½%

1931 Duty, Sales Tax & Dumping Duty 52%

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124413

FORM NO 1

EXHIBIT NO 7

Comparative laid down cost

WOOL O' COATING FABRIC FROM ENGLAND

Prior to September 1930

Wool O'Coating 10 yds @ 5/-yd;-2-10-0 @ 4.86-2/3 (2 lbs yd)		12.17
For duty		
2-10-0 @ 4.86-2/3;-12.17 @ 27½%-10	3.01	
Sales Tax		
1% on $15.18	.15	3.16
		15.33 -26%

1930 Sales Tax 26%

PRESENT BASIS

Wool O'Coating 10 yds @ 5/- yd;2-10-0 @ 4.18 (2 lbs yd)		10.45
For duty		
2-10-0 @ 4.86-2/3;-12.17 @ 27½%-10	3.01	
20 lbs. @ 25¢ lb-10	4.50	
Sales & Excise Tax		
5% on $19.68	.98	
DUMPING DUTY		
2-10-0 @ 4.40;- 11.00 2-10-0 @ 4.14;- 10.35	.65	9.14
		19.59-87½%

1931 Duty, Sales Tax & Dumping Duty 87%

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124414

FORM NO 1

EXHIBIT NO 8

Comparative laid down cost

Wool Fabric, High Grade Suitings from Great Britain

Prior to September 16, 1930

High Grade Wool suiting

1 yard 8/- $4.86-2/3 — 1.95

For duty

8/- $4.86-2/3; $1.95 @ 27½%-10 — 48¢

Sales Tax

1% on $2.43 — 02¢ — .50

2.45 -25%

1930 Duty, Sales Tax 25%

PRESENT BASIS, January 22, 1932

High Grade Wool Suitings

1 yard 8/- $4.13 — 1.65

For duty

8/- $4.86-2/3;-$1.95 @ 27½%-10 — 48
15 oz. @ 25¢ lb-10 — 22

Sales Tax

4% on $2.65 — 11

Excise Tax

1% on $2.65 — 03

DUMPING DUTY

8/- 4.40 — 1.76
8/- 4.09 — 1.64 — 12 — .96

2.61- 58%

1931 Duty, Sales Tax & Dumping Duty 58%

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FORM NO 1 EXHIBIT NO 9

Comparative laid down cost

Wool Fabrics, Overcoatings from Great Britain

For Manufacturing Dept.

Prior to September 16, 1930

Wool Overcoating (Heavy Weight)

1 yard @ 4/6 4.86-2/3 1.10

For duty

4/6 4.86-2/3 $1.10 @ 27½%-10 27¢

NO SALES TAX ----

.27

1.37 -24½%

1930 Duty 24%

Present Basis, January 22, 1932

Wool Overcoating (Heavy Weight)

1 yard 4/6 $4.13 93¢

For duty

4/6 $4.86-2/3 $1.10 @ 27½%-10 27¢

34 oz. @ 25¢ lb-10 48¢

NO SALES TAX ----

Excise Tax

1% on $1.85 .02

DUMPING DUTY

4/6 4.40- 99¢
4/6 4.09- 92¢ .07¢ 84¢

1.77- 90-1/3%

1931 Duty, Dumping Duty, 90%

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D244416 EXHIBIT NO 10

Form NO 1

Comparative laid down cost

Wool Fabrics, Suitings, from Great Britain

For Manufacturing Dept.

Prior to September 16, 1930

Wool Fabric, Mens Suiting

1 yard @ 4/6 $4.86-2/3 — $1.10

For duty

4/6 $4.86-2/3 $1.10

$1.10 @ 27½%-10 — .27

NO SALES TAX — ****

1.37

1930 Duty 24%

Present Basis, January 22, 1932

Wool Fabric, Mens Suiting

1 yard @ 4/6 $4.13 — 93¢

For duty

4/6 @ 4.86-2/3 $1.10 @ 27½%-10 — 27¢

16 oz. @ 25¢ lb -10 — 23

NO SALES TAX — ——

Excise Tax

1% on $1.60 — 02

DUMPING DUTY

4/6 4.40 - .99
4/6 4.09 - .92 — 07 — 59

$ 1.52

1931 Duty, Dumping Duty 63%

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PUBLIC ARCHIVES
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CANADA

124017

FORM NO 1

EXHIBIT NO 11

Comparative laid down cost

WOOL PIECE GOODS IN THE GREY FROM ENGLAND

Prior to September 1930

Wool fabric in the grey 4 oz. to the sq yard. 83/-@4.86-2/3		$ 20.20
For duty		
83/- @ 4.86-2/3 $20.20 @ 10%	2.02	
Sales Tax		
1% on $22.22	.22	2.24
		$22.44

1930 Duty, Sales Tax 11%

Present Basis

Wool fabric in the grey 4 oz. to the sq. yard 83/- @ 4.18		$17.35
For duty		
83/-@ 4.86-2/3 $20.20 @ 20%-10	$ 3.64	
16⅔ lbs @ 12½¢ lb.-10	1.83	
Sales & Excise Tax		
5% on $25.67	1.28	
DUMPING DUTY		
83/- @ $4.40;-18.26		
83/- @ $4.14;-17.18	1.08	7.83
		$25.18

1931 Duty, Sales Tax & Dumping duty 45%

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CANADA

124418

FORM NO 1 EXHIBIT NO 12

Comparative laid down cost

WOOL BLAZERS FROM GREAT BRITAIN

Prior to September 16, 1930

For payment

1 Wool Blazer 20/- @ 4.86-2/3 $4.87

For Duty

20/- @ 4.86-2/3 ;-$4.87 @ 27½%-10 $1.21

Sales Tax

1% on $6.08 .06 1.27

$6.14

1930 Duty & Sales Tax 26%

PRESENT BASIS

For payment

1 Wool Blazer 20/- @ $4.18 $4.18

For duty

20/- @ 4.86-2/3;- $4.87 @ 30%-10 $1.32

2 lbs. @ 25¢ lb.-10 .45

Sales Tax & Excise Tax

5% on $6.64 .33

DUMPING DUTY

Fixed value 20/- @ 4.40

Invoice Price 20/- @ 4.14 .26 2.36

$ 6.54

1931 Duty & Sales Tax and dumping duty 56%

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CANADA

124419

FORM NO 1 EXHIBIT NO. 13

Comparative laid down cost

WOOL COATS FROM ENGLAND; SPECIAL ENGLISH MATERIALS

Prior to September 16, 1930		
Wool Coat 70/- @ 4.86-2/3		$17.03
For duty		
70/- @ 4.86-2/3;- $17.03 @ 27½%-10	4.22	
Sales Tax		
1% on $21.24	.21	4.43
		$ 21.46

1930 Duty, & Sales Tax 26%

PRESENT BASIS		
Wool Coat 70/- @ 4.18		$14.63
For duty		
70/- @ 4.86-2/3;-$17.03 @30%-10;-$4.59		
8 lbs. @ 25¢ lb.-10	1.80	
Sales & Excise Taxes		
5% on $23.42	1.17	
DUMPING DUTY		
70/- @ 4.40 ;- 15.40		
70/- @ 4.14 ;- 14.49	.91	8.47
		$ 23.10

1931 Duty, Sales Tax & Dumping Duty 58%

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CANADA

124420

FORM NO. 1 EXHIBIT NO. 14

Comparative laid down cost

WOOL SUITS FROM ENGLAND

(West of England Worsteads)

Prior to September 1930

Wool Suits

80/- @ 4.86-2/3 $19.47

For duty

80/- @ 4.86-2/3;- $19.47 @ 27½%-10 4.81

Sales Tax

1% on $24.28 .24 5.05

$ 24.52

1930 Duty & Sales Tax 26%

PRESENT BASIS

Wool Suits

80/- @ 4/18 16.72

For duty

80/- @ 4.86-2/3;- 19.47 @ 30%-10 5.26

5 lbs. @ 25¢ lb -10 1.12

Sales & Excise Taxes

5% on $25.85 1.29

DUMPING DUTY

Fixed value 80/- @ 4.40;-17.60
Average " 80/- @ 4.14;-16.56 1.04 8.71

25.43

1931 Duty, Sales Tax & Dumping Duty 52%

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FORM NO. 1 — EXHIBIT NO. 15

Comparative laid down cost

WOOL HOSIERY FROM ENGLAND

Prior to September 16, 1930

Wool Hosiery 1 doz. 15/6 @ 4.86-2/3		3.77
For duty		
15/6 @ 4.86-2/3 ;- 3.77 25%-10	85¢	
Sales Tax		
1% on $4.62	05	.90
		4.67

1930 Duty, and Sales Tax 23%

PRESENT BASIS

Wool Hosiery 1 doz 15/6 @ 4.18		$3.24
For duty		
15/6 @ 4.86-2/3;- 3.77 @ 30%-10	1.02	
$1.00 doz. pr. -10	.90	
Sales & Excise Taxes		
5% on $5.69	.28	
DUMPING DUTY		
15/6 @ 4.40 ;- 3.41		
15/6 @ 4.14 ;- 3.21	.20	2.40
		5.64

1931 Duty, Sales Tax & Dumping Duty 74%

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CANADA

D4422

FORM NO. 1

EXHIBIT NO. 16

Comparative laid down cost

WOOL BLANKETS FROM GREAT BRITAIN

Prior to September 1930

1 Pr. Wool Blankets 14/6 @ 4.86-2/3		$3.53
For duty		
14/6 @ 4.86-2/3;- 3.53 @ 22½%-10	71¢	
Sales Tax		
1% on $4.24	04¢	.75
		$ 4.28

1930 Duty, Sales Tax 21%

PRESENT BASIS

1 Pr. Wool Blankets 14/6 @ 4.18		$3.03
For duty		
14/6 @ 4.86-2/3;- 3.53 @ 22½%-10	71¢	
8 lbs @ 20¢ lb -10	1.44	
Sales & Excise Tax		
5% on $5.68	.28	
DUMPING DUTY		
14/6 @ 4.40 ;- 3.19		
14/6 @ 4.14 ;- 3.00	.19	2.62
		5.65

1931 Duty, Sales Tax & Dumping Duty 86%

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FORM NO 1

124423

EXHIBIT NO. 17

Comparative laid down cost

KNITTED SWEATERS FROM ENGLAND

Prior to September 16, 1930

Knitted Sweaters

1 doz. 131/- @ 4.86-2/3 $31.88

For duty

131/- @ 4.86-2/3;-$31.88 @ 20%-10;- $5.74

Sales Tax

1% on $37.62 .38 6.12

$ 38.00

1930 Duty, Sales Tax 19%

PRESENT BASIS

Knitted Sweaters

1 Doz. 131/- @ 4.18 $27.38

For Duty

131/- @ 4.86-2/3;-$31.88 @ 25%-10 7.17

Sales Tax, Excise Tax

5% on $39.05 1.95

DUMPING DUTY

131/- @ 4.40 28.82

131/- @ 4.14 27.12 1.70 10.82

38.20

1931 Duty, Sales Tax & Dumping Duty 39%

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CANADA

FORM NO 1

124424

EXHIBIT NO. 18

Comparative laid down cost

LINEN TABLECLOTHS FROM GREAT BRITAIN

Prior to September 16, 1930

For payment

1 tablecloth @ 9/6 ea. @ 4.86-2/3		$2.31
For duty		
2.31 @ 20%-10	41	
Sales Tax		
1% on $2.72	03¢	.44
		2.75

1930 Duty, Sales Tax 19%

PRESENT BASIS

For payment

1 table cloth @ 9/6 @ 4.18		1.99
For duty		
9/6 @ 4.86-2/3;- $2.31 @ 25%-10	52¢	
2 lb. @ 3¢ lb -10	05	
Sales & Excise Tax		
5% on $2.88	14¢	
DUMPING DUTY		
Appraised value 9/6 @ 4.40;-2.09		
Invoice Cost 9/6 @ 4.14;-1.97	12	.83
		$2.82

1931 Duty, Sales Tax, Dumping Duty 41%

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CANADA

L24425

FORM NO. 1 EXHIBIT NO. 19

Comparative laid down cost

LINEN TABLE NAPKINS FROM GREAT BRITAIN

Prior to September 16, 1930

For payment

1 doz. napkins @ 10/- per doz @ 4.86-2/3 $2.43

For duty

10/- @ 4.86-2/3 $2.43 @ 20%-10 45¢

Sales Tax

1% on $2.88 03 .48

2.91

1930 Duty, Sales Tax 19%

PRESENT BASIS

For payment

1 doz. napkins 10/- doz @ 4.18 2.09

For duty

10/- @ 4/86-2/3;-$2.43 @ 25%-10 55¢

1¾ lbs @ 3¢ lb -10 04

Sales & Excise Tax

5% on $3.02 15¢

DUMPING DUTY

Appraised value 10/- @ 4.40;- 2.20

Invoice cost 10/- @ 4.14;- 2.07 13¢ .87

2.96

1931 Duty, Sales Tax, Dumping Duty 41%

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CANADA

FORM NO. 1 124420 EXHIBIT NO. 20

Comparative laid down cost

LINEN PILLOW CASES FROM GREAT BRITAIN .

Prior to September 1930

For payment

1 pr. Pillow Cases 2/- @ 4.86-2/3 49¢

For duty

2/- @ 4.86-2/3 ;-49¢ @ 20%-10 .09

Sales Tax

1% on 58¢ .01 10¢

59¢

1930 Duty, Sales Tax 20%

PRESENT BASIS

For payment

1 pr. pillow cases 2/- per pr @ 4.18 42¢

For duty

2/- @ 4.86-2/3;-49¢ @ 25%-10 11¢

$4\frac{2}{4}$ oz @ 3¢ lb -10 01

Sales & Excise Tax

5% on 61¢ 03¢

Dumping Duty

Appraised value 2/- @ 4.40 44¢

Invoice cost 2/- @ 4.14 41¢ 03¢ 18¢

60¢

1931 Duty, Sales Tax, & Dumping duty 43%

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CANADA

FORM NO 1

124427

EXHIBIT NO 21

Comparative laid down cost

WHITE LINEN TOWELS FROM GREAT BRITAIN

Prior to September 1930

For payment

1 doz. Linen Towels @ 10/- per doz @ 4.86-2/3 $2.43

For duty

10/- 4.86-2/3;- $2.43 @ 20%-10 44¢

Sales Tax

1% on $2.87 03¢ .47

2.90

1930 Duty, Sales Tax 19%

PRESENT BASIS

For payment

1 doz. Linen Towels @ 10/- per doz. @ 4.18 2.09

For duty

10/- @ 4.86-2/3; 2.43 @ 25% -10 .55
3-1/8 lbs @ 3¢ lb -10 .08

Sales & Excise Tax

5% on $3.06 .15

DUMPING DUTY

Fixed value 10/- @ 4.40;- 2.20

Invoice Cost 10/- @ 4.14;- 2.07 .13 .91

3.00

1931 Duty, Sales Tax, Dumping Duty 43%

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CANADA

124428

FORM NO 1

EXHIBIT NO 22

Comparative laid down cost

COTTON SHEETS FROM GREAT BRITAIN.

Prior to September 1930

1 pair Cotton Sheets 6/9 @ 4.86-2/3		$1.64
For duty		
$1.64 @ 15%	25¢	
Sales Tax		
1% on $1.89	02¢	.27
		$ 1.91

1930 Duty, Sales Tax 16%

PRESENT BASIS

		For payment
1 pair Cotton Sheets 6/9 @ 4.18		$ 1.41
For duty		
6/9 @ 4.86-2/3;- $1.64 @ 25%-10	37¢	
3½ lbs @ 3¢ lb -10	09¢	
Sales & Excise Tax		
5% on $2.10	11¢	
DUMPING DUTY		
Fixed value 6/9 @ 4.40;-1.49		
Invoice Cost 6/9 @ 4.14;- 1.40	09¢	.66¢
		2.07

1931 Duty, Sales Tax, Dumping Duty 46%

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CANADA

124429

FORM NO 1

EXHIBIT NO 23

Comparative laid down cost

COTTON TOWELS FROM GREAT BRITAIN

Prior to September 1930

1 Dozen Cotton Towels 5/3 @ 4.86-2/3		$1.28
For Duty		
5/3 @ 4.86-2/3;-1.28 @ 15%	19¢	
Sales Tax		
1% on $1.47	01¢	.20
		1.48

1930 Duty, Sales Tax 15%

PRESENT BASIS

1 Dozen Cotton Towels 5/3 @ 4.18		$1.10
For Duty		
5/3 @ 4.86-2/3;- 1.28 @ 25%-10	29¢	
3½ lbs @ 3¢ lb -10	09¢	
Sales & Excise Tax		
5% on $1.66	08¢	
DUMPING DUTY		
Fixed value 5/3 @ 4.40;- 1.16		
Invoice cost 5/3 @ 4.14;- 1.09	07¢	.53
		1.63

1931 Duty, Sales Tax & Dumping Duty 48%

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CANADA

124430

FORM NO 1

EXHIBIT NO. 24

Comparative laid down cost

COTTON PILLOW CASES FROM GREAT BRITAIN

Prior to September 1930

1 Doz. Cotton Pillow cases 10/6 doz. @ 4.86-2/3		$2.56
Duty		
$2.56 @ 15%	38¢	
Sales Tax		
1% on $2.94	03¢	.41
		$ 2.97

1930 Duty, Sales Tax 16%

PRESENT BASIS

1 doz. Cotton Pillow cases 10/6 @ 4.18			$2.19
For Duty			
10/6 @ 4.86-2/3;- $2.56 @ 25%-10	.58¢		
4½ lbs @ 3¢ lb -10	.12		
Sales & Excise Tax			
5% on $3.26	.16		
DUMPING DUTY			
Fixed value 10/6 @ 4.40;-2.31			
Invoice cost 10/6 @ 4.14;-2.17	.14	1.00	
		3.19	

1931 Duty, Sales Tax, Dumping Duty 45%

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FORM NO 1

[124431]

EXHIBIT NO. 25

Comparative laid down cost

AXMINSTER CARPETS FROM GREAT BRITAIN

Prior to September 1930

Carpet 15' x 12' 9-15-0 @ 4.86-2/3		47.45
For Duty		
9-15-0 @ 4.86-2/3;-47.45 @ 25%-10	10.67	
Sales Tax		
1% on $58.12	.58	11.25
		$ 58.70

1930 Duty, Sales Tax 23%

PRESENT BASIS

Carpet 15' x 12' 9-15-0 @ 4.18		40.76
For duty		
9-15-0 @ 4.86-2/3;-47.45 @ 30%-10	12.82	
180 Sq. ft. @ 10¢ sq. ft.-10	16.20	
Sales & Excise Tax		
5% on $76.47	3.82	
DUMPING DUTY		
Fixed value 9-15-0 @ 4.40;-42.90		
Average " 9-15-0 @ 4.14;-40.37	2.53	35.37
		76.13

1931 Duty, Sales Tax, & Dumping Duty 86%

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CANADA

124432

FORM NO 1

EXHIBIT #26

Comparative laid down cost

SILVERWARE (From Great Britain)

Prior to September 1930		
For payment		
One cake basket 3/- @ 4.86-2/3		73¢
For Duty		
3/- @ 4.86-2/3;- 73¢ @ 22½%-10	14¢	
Sales Tax		
1% on 87¢	01¢	15¢
		88¢

1930 Duty, Sales Tax 20%

PRESENT BASIS		
For payment		
One cake basket @ 3/- @ 4.18		63¢
For Duty		
3/- @ 4.86-2/3;-73¢ @ 30%-10	20¢	
Sales & Excise Tax		
5% on 93¢	05¢	
DUMPING DUTY		
Fixed value 3/- @ 4.40;- 66¢ Average " 3/- @ 4.14;- 62¢	04¢	29¢
		92¢

1931 Duty, Sales,Tax, & Dumping Duty 46%

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CANADA

124433

FORM NO 1

EXHIBIT NO 27

Comparative laid down cost

LADIES HATS FROM GREAT BRITAIN

Prior to September 16, 1930

For payment

1 Hat @ 8/9 @ 4.86-2/3 $2.13

For Duty

8/9 @ 4.86-2.3;-2.13 @ 22½%-10 43¢

Sales Tax

1% on $2.56 03¢ .46¢

2.59

1930 Duty, Sales Tax 21%

PRESENT BASIS

For payment

1 hat @ 8/9 @ 4.18 1.83

For Duty

8/9 @ 4.86-2/3;-2.13

1 @ 1.50 doz .13

2.26 @ 22½%-10 46¢

Sales & Excise Tax

5% on $2.72 14

DUMPING DUTY

Fixed value 8/9 @ 4.40;-1.93

Plus .13 2.06

Average " 8/9 @ 4.14 1.81 25¢ .85¢

2.68

1931 Duty, Sales Tax, Dumping Duty 46%

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124434

Importations from GREAT BRITAIN and UNITED STATES

showing present comparative costs.

FORM 2.

	EXHIBIT NO.
Silk fabric	1.
Artificial silk	2 - 4.
Cotton and artificial silk	5.
Cotton fabric	4 - 6.
Knitted goods	7.
Wool clothing	8 - 9.
Wool blankets	10.
Gloves and mitts	11.
Socks and stockings	12. - 13.
Platedware silver	14.
Platedware nickle	15.
Cutlery	16.
Jewellery	17.
Boots and shoes	18.
Earthenware	19.
Greeting cards	20.
Silk handkerchiefs	21.
Lace Yokes (cotton)	22.
Lace curtains	23.

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FORM 2.

124435 EXHIBIT NO. 1.

Present laid down cost

1951

Imports from Great Britain

Fabrics wholly or in part of artificial silk

For payment

33-15-4 @ $4.08		$ 137.77
For duty		
33-15-4 @ $4.86-2/3 = $164.33		
$164. @ 27½%-10	40.59	
142-7/10 lbs. @ 30¢ lb.-10	38.53	
Sales Tax		
4% on $243.12	9.72	
Excise Tax		
1% on $243.12	2.43	
DUMPING DUTY		
32-15-4 @ $4.40 = $144.17		
32-15-4 @ $4.04 = $132.38	11.79	105.06
		240.83

(Duty 27½%-10 Laid down cost 75% 1951
) 30¢ lb.-10
" 27½%-10 " " " 19½% 1930

1951

Imports from United States

Fabrics wholly or in part of artificial silk

For payment			$137.77
Plus 25% Exchange		34.44	
For duty	137.77		
Plus 24%	33.06		
	170.83		
$171. @ 45%		76.95	
142-7/10 lbs. @ 40¢ lb.		57.08	
Sales Tax			
4% on $305.05		12.20	
Excise Tax			
1% on $305.05		3.05	183.72
			321.49

(Duty 45% Laid down cost 133½% 1951
) 40¢ lb.
" 35% " " " 36% 1930

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L 24436

FORM 2. EXHIBIT NO. 2.

Present laid down cost

1931

Imports from Great Britain

Artificial silk curtains not lace

For payment		$ 127.50
31-5-0 @ $4.08		
For duty		
31-5-0 @ $4.86-2/3 = $152.08		
$152. @ 30%-10	41.04	
Sales Tax		
4% on $193.04	7.72	
Excise Tax		
1% on $193.04	1.93	
DUMPING DUTY		
31-5-0 @ $4.40 = $137.50		
31-5-0 @ $4.04 = $126.25	11.25	61.94
		189.44

Duty 30%-10 Laid down cost 48⅓% 1931

" 25%-10 " " " 23-2/3% 1930

1931

Imports from United States

Artificial silk curtains not lace

For payment			$ 127.50
Plus 25% Exchange			31.88
For duty	127.50		
Plus 24%	30.60		
	158.10		
$158. @ 50%		79.00	
1216 oz. @ 7¢ oz.		85.12	
Sales Tax			
4% on $322.12		12.88	
Excise Tax			
1% on $322.12		3.22	212.10
			339.60

Duty 50%
7¢ oz. Laid down cost 166⅔% 1931

" 35% " " " 56½% 1930

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124437

EXHIBIT NO. 5.

FORM 2.

Present laid down cost

1951

Imports from Great Britain

Silk curtains not lace

For payment		
31-5-0 @ $4.08		$ 127.50
For duty		
31-5-0 @ $4.86-2/3 = $152.08		
$152. @ 27½%-10	37.62	
Sales Tax		
4% on $189.62	7.58	
Excise Tax		
1% on $189.62	1.90	
DUMPING DUTY		
31-5-0 @ $4.40 = $137.50		
31-5-0 @ $4.04 = $126.25	11.25	58.35
		185.85

Duty 27½%-10 Laid down cost 46% 1951
" 25%.-10 " " " 23⅝% 1950

1951

Imports from United States

Silk curtains not lace

For payment			$ 127.50
Plus 25% Exchange		31.88	
For duty	127.50		
Plus 24%	30.60		
	158.10		
$158. @ 45%		71.10	
1216 oz. @ 7¢ oz.		85.12	
Sales Tax			
4% on $314.22		12.57	
Excise Tax			
1% on $314.22		3.14	203.81
			331.31

Duty 45% 7¢ oz. Laid down cost 160% 1951
" 35% " " " 36½% 1950

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FORM 2.

124438

EXHIBIT NO. 4.

Present laid down cost

1951		
Imports from Great Britain		
Cotton curtains not lace		
For payment		$ 127.50
31-5-0 @ $4.08		
For duty		
31-5-0 @ $4.86-2/3 = $152.08		
$152. @ 25%-10	34.20	
76 lbs. @ 3¢ lb.-10	2.05	
Sales Tax		
4% on $188.25	7.53	
Excise Tax		
1% on $188.25	1.88	
DUMPING DUTY		
31-5-0 @ $4.40 = $137.50		
31-5-0 @ $4.04 = $126.25	11.25	56.91
		184.41

1951		
Imports from United States		
Cotton curtains not lace		
For payment		$ 127.50
Plus 25% Exchange	31.88	
For duty 127.50		
Plus 24% 30.60		
158.10		
$158. @ 35%	55.30	
76 lbs. @ 4¢ lb.	3.04	
Sales Tax		
4% on $216.34	8.65	
Excise Tax		
1% on $216.34	2.16	101.03
		228.53

Duty 25%-10
5¢ lb.-10 Laid down cost 45% 1951
" 20%-10 " " " 19% 1930

Duty 35%
4¢ lb. Laid down cost 79¼% 1951
" 30% " " " 31-1/3% 1930

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FORM 2. L24439 EXHIBIT NO. 5.

Present laid down cost

1931

Imports from Great Britain

White cotton fabrics

For payment

22-5-8 @ $4.08 $ 90.91

For duty

22-5-8 @ $4.86-2/3 = $108.45

$108. @ 20%-10 19.44

198 lbs. @ 5¢ lb.-10 5.55

Sales Tax

4% on $132.79 5.31

Excise Tax

1% on $132.79 1.33

DUMPING DUTY

22-5-8 @ $4.40 = $98.05

22-5-8 @ $4.04 = $90.02 8.03 39.46

130.37

Duty 20%-10
5¢ lb.-10 Laid down cost 43½% 1931

" 15% " " " 16% 1930

1931

Imports from United States

White cotton fabrics

For payment $ 90.91

Plus 25% Exchange 22.73

For duty 90.91

Plus 24% 21.82

112.73

$113. @ 27½% 31.08

198 lbs. @ 4¢ lb. 7.92

Sales Tax

4% on $152.00 6.08

Excise Tax

1% on $152.00 1.52 69.33

160.24

Duty 27½%
4¢ lb. Laid down cost 76½% 1931

" 25% " " " 26½% 1930

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FORM 2.

EXHIBIT NO. 6.

124440

Present laid down cost

1931

Imports from Great Britain

Printed or dyed cotton fabrics

For payment		
22-5-8 @ $4.08		$ 90.91
For duty		
22-5-8 @ $4.86-2/3 = $108.45		
$108. @ 22½%-10	21.87	
198 lbs. @ 3¢ lb.-10	5.55	
Sales Tax		
4% on $135.22	5.41	
Excise Tax		
1% on $135.22	1.35	
DUMPING DUTY		
22-5-8 @ $4.40 = $98.05		
22-5-8 @ $4.04 = $90.02	8.03	42.01
		132.92

Duty 22½%-10
3¢ lb.-10 Laid down cost 46½% 1931

" 20%-10 " " " 19½% 1930

1931

Imports from United States

Printed or dyed cotton fabrics

For payment			$ 90.91
Plus 25% Exchange		22.73	
For duty	90.91		
Plus 24%	21.82		
	112.73		
$113. @ 32½%		36.73	
198 lbs. @ 4¢ lb.		7.92	
Sales Tax			
4% on $157.65		6.31	
Excise Tax			
1% on $157.65		1.58	75.27
			166.18

Duty 32½%
4¢ lb. Laid down cost 85% 1931

" 27½% " " " 28½% 1930

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124441

FORM 2. EXHIBIT NO. 7.

Present laid down cost

1951			1951			
Imports from Great Britain			**Imports from United States**			
Knitted goods			**Knitted goods**			
For payment		$ 100.00	**For payment**			$ 100.00
24-10-2 @ $4.08			Plus 25% Exchange		25.00	
For duty			**For duty**	100.00		
24-10-2 @ $4.86-2/3 = $119.27			Plus 24%	24.00		
$119. @ 25%-10	26.77			124.00 @ 45%	55.80	
Sales Tax			**Sales Tax**			
4% on $145.77	5.83		4% on $179.80		7.19	
Excise Tax			**Excise Tax**			
1% on $145.77	1.46		1% on $179.80		1.80	89.79
						189.79
DUMPING DUTY						
24-10-2 @ $4.40 = $107.84						
24-10-2 @ $4.04 = $ 99.01	8.83	42.89				
		142.89				

Duty 25%-10 Laid down cost 43% 1951
" 20%-10 " " " 19% 1930

Duty 45% Laid down cost 89½% 1951
" 35% " " " 36-1/3% 1930

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124442 EXHIBIT NO. 8.

FORM 2.

Present laid down cost

1951

Imports from Great Britain
Wool Dresses

For payment

24-10-2 @ $4.08		$ 100.00
For duty		
24-10-2 @ $4.86-2/3 = $119.27		
$119. @ 30%-10	32.13	
10 lbs. @ 25¢ lb.-10	2.25	
Sales Tax		
4% on $153.38	6.14	
Excise Tax		
1% on $153.38	1.53	
DUMPING DUTY		
24-10-2 @ $4.40 = $107.84		
24-10-2 @ $4.04 = $ 99.01	8.83	50.88
		150.88

Duty 30%-10
25¢ lb.-10 Laid down cost 51% 1951

" 27½%-10 " " " 26% 1930

1951

Imports from United States
Wool Dresses

For payment			$ 100.00
Plus 25% Exchange		25.00	
For duty	100.00		
Plus 24%	24.00		
	124.00 @ 40%	49.60	
	10 lbs. @ 35¢ lb.	3.50	
Sales Tax			
4% on $177.10		7.08	
Excise Tax			
1% on $177.10		1.77	86.95
			186.95

Duty 40%
35¢ lb. Laid down cost 87% 1951

" 35% " " " 36-1/3% 1930

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FORM 2. 124443 EXHIBIT NO. 9.

Present laid down cost

1951

Imports from Great Britain

Wool Spats

For payment			
345-S-4 @ $4.08			$ 1408.28
For duty			
345-S-4 @ $4.86-2/3 = $1679.82			
$1680. @ 30%-10		453.60	
428 lbs. @ 25¢ lb.-10		96.30	
Sales Tax			
4% on $2229.90		89.20	
Excise Tax			
1% on $2229.90		22.30	
DUMPING DUTY			
345-S-4 @ $4.40 = $1518.73			
345-S-4 @ $4.04 = $1594.47	124.26	785.66	
		2195.94	

Duty 30%-10
25¢ lb.-10 Laid down cost 56% 1951
" 27½%-10 " " " 26% 1930

1951

Imports from United States

Wool Spats

For payment			$ 1408.28
Plus 25% Exchange		352.07	
For duty	1408.28		
Plus 24%	337.99		
	1746.27		
$1746/ @ 40%		698.40	
428 lbs. @ 35¢ lb.		149.80	
Sales Tax			
4% on $2594.20		103.77	
Excise Tax			
1% on $2594.20		25.94	1329.98
			2738.26

Duty 40%
35¢ lb. Laid down cost 94½% 1951
" 35% " " " 36-1/3% 1930

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FORM 2. 124444 EXHIBIT NO. 10.

Present laid down cost

1951

Imports from Great Britain

Wool and cotton blankets

For payment

17-15-5 @ $4.08 $72.50

For duty

17-15-5 @ $4.86-2/3 = $86.49

$86. @ 22½%-10 17.41

207 lbs. @ 20¢ lb.-10 37.26

Sales Tax

4% on $140.67 5.63

Excise Tax

1% on $140.67 1.41

DUMPING DUTY

17-15-5 @ $4.40 = $78.19

17-15-5 @ $4.04 = $71.79 6.40 68.11

140.61

Duty 22½%-10
20¢ lb.-10 Laid down cost 94% 1951

" 22½%-10 " " " 21-1/3% 1930

1951

Imports from United States

Wool and cotton blankets

For payment $ 72.50

Plus 25% Exchange 18.13

For duty 72.50

Plus 24% 17.40

89.90

$90. @ 35% 31.50

207 lbs. @ 30¢ lb. 62.10

Sales Tax

4% on $183.60 7.34

Excise Tax

1% on $183.60 1.84 120.91

193.41

Duty 35%
30¢ lb. Laid down cost 167% 1951

" 35% " " " 36% 1930

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CANADA

FORM 2.

124445

EXHIBIT NO. 11.

Present laid down cost

1951

Imports from Great Britain

Gloves and mitts of all kinds for duty

For payment		
191-18-3 @ $4.08		$ 783.00
For duty		
191-18-3 @ $4.86-2/3 = $933.97		
$934. @ 25%-10	210.15	
Sales Tax		
4% on $1144.15	45.77	
Excise Tax		
1% on $1144.15	11.44	
DUMPING DUTY		
191-18-3 @ $4.40 = $844.42		
191-18-3 @ $4.04 = $775.53	69.09	336.45
		1119.45

Duty 25%-10 Laid down cost 43% 1931

" 22½%-10 " " " 21½% 1930

1951

Imports from United States

Gloves and mitts of all kinds for duty

For payment			$ 783.00
Plus 25% Exchange		195.75	
For duty	783.00		
Plus 24% Exchange	187.92		
	970.92		
$971. @ 45%		436.95	
Sales Tax			
4% on $1407.95		56.32	
Excise Tax			
1% on $1407.95		14.08	703.10
			1486.10

Duty 45% Laid down cost 90% 1931

" 35% " " " 36-1/3% 1930

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124446 EXHIBIT NO. 12.

FORM 2.

Present laid down cost

1951

Imports from Great Britain

Socks & stockings all kinds

For payment

68-9-10 @ $4.08 $ 279.45

For duty

68-9-10 @. $4.86-2/3 - $333.33

$333. @ 30%-10 99.91

148½ dz. @ $1.00 dz.-10 133.65

Sales Tax

4% on $556.56 22.26

Excise Tax

1% on $556.56 5.57

DUMPING DUTY

68-9-10 @ $4.40 = $301.36

68-9-10 @ $4.04 = $276.71 24.65 276.04

555.49

Duty 30%-10 $1.00 dz.-10 Laid down cost 99% 1931

" 25%-10 " " " 23⅛% 1930

1951

Imports from United States

Socks & stockings all kinds

For payment $ 279.45

Plus 25% Exchange 69.86

For duty 279.45

Plus 24% 67.07

346.52

$347. @ 35% 121.45

148½ dz. @ $1.50 dz. 222.75

Sales Tax

4% on $691.20 27.65

Excise Tax

1% on $691.20 6.91 448.62

728.07

(Duty 35% $1.50 dz. Laid down cost 161% 1931

" 35% " " " 56-1/3% 1930

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FORM 2.

124447

EXHIBIT NO. 15.

Present laid down cost

1951

Imports from Great Britain

Socks & stockings of all kinds for duty

For payment

64-19-9 @ $4.08 — $ 265.15

For duty

64-19-9 @ $4.86-2/3 = $316.27

$316. @ 30%-10 — 85.32

148½ ds. @ $1.00 dz.-10 — 133.65

Sales Tax

4% on $534.97 — 21.40

Excise Tax

1% on $534.97 — 5.35

DUMPING DUTY

64-19-9 @ $4.40 = $285.95

64-19-9 @ $4.04 = $262.55 — 23.40 — 269.12

534.27

Duty 30%-10 $1.00 dz.-10 Laid down cost 101⅓% 1951

" 25%-10 " " " 25% 1930

1951

Imports from United States

Socks & stockings of all kinds for duty

For payment — $265.15

Plus 25% Exchange — 66.29

For duty 265.15

Plus 24% 63.64

328.79

$329. @ 35% — 115.15

148½ ds. @ $1.50 ds. — 148.50

Sales Tax

4% on $592.65 — 23.71

Excise Tax

1% on $592.65 — 5.93 — 359.58

624.73

Duty 35% $1.50 ds. Laid down cost 136% 1951

" 35% " " " 36-1/3% 1930

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CANADA

FORM 2.

124448

EXHIBIT NO. 14.

Present laid down cost

1931

Imports from Great Britain

Plated articles and silver plated ware -

Flasks, Lighters, Thimbles, Trays, Curlers, and compacts etc.

For payment			
126-2-4 @ $4.08		$514.56	
For duty			
126-2-4 @ $4.86-2/3 = $613.77			
$614. @ 30%-10	165.78		
Sales Tax			
4% on $779.78	31.19		
Excise Tax			
1% on $779.78	7.80		
DUMPING DUTY			
126-2-4 @ $4.40 = $554.91			
126-2-4 @ $4.04 = $509.51	45.40	250.17	
		764.73	

Duty 30%-10 Laid down cost 49% 1931

" 22½%-10 " " " 21½% 1930

1931

Imports from United States

Plated articles and silver plated ware -

Flasks, Lighters, Thimbles, Trays, Curlers, and compacts, etc.

For payment		$ 514.56	
Plus 25% Exchange	128.64		
For duty	514.56		
Plus 24%	123.49		
	638.05		
$638. @ 45%	287.10		
Sales Tax			
4% on $925.10	37.00		
Excise Tax			
1% on $925.10	9.25	461.99	
		976.55	

Duty 45% Laid down cost 90% 1931

" 35% " " " 56-1/3% 1930

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FORM 2. 124449 EXHIBIT NO. 15.

Present laid down cost

1931

Imports from Great Britain

Nickle plated articles -
Percolators (not fitted for heating)
Forks (not steel)
Can openers
Egg beaters
Auto horns
Kettles
Kitchen utensils
Taps

For payment
24-10-2 @ $4.08 $ 100.00

For duty
24-10-2 @ $4.86-2/3 = $119.27
$119. @ 30%-10 32.13

Sales Tax
4% on $151.13 6.05

Excise Tax
1% on $151.13 1.51

DUMPING DUTY
24-10-2 @ $4.40 = $107.84
24-10-2 @ $4.04 = $ 99.01 8.65 48.52
148.52

Duty 30%-10 Laid down cost 48½% 1931
" 22½%-10 " " " 21½% 1930

1931

Imports from United States

Nickel plated articles -

Percolators (not fitted for heating)
Forks (not steel)
Can openers
Egg beaters
Auto horns
Kettles
Kitchen utensils
Taps

For payment $ 100.00
Plus 25% Exchange 25.00

For duty 100.00
Plus 24% 24.00
124.00 @ 45% 55.80

Sales Tax
4% on $179.80 7.19

Excise Tax
1% on $179.80 1.80 89.79
189.79

Duty 45% Laid down cost 90% 1931
" 35% " " " 36-1/3% 1930

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FORM 2. 124450 EXHIBIT NO. 18.

Present laid down cost

1951

Imports from Great Britain

Cutlery- plated, not steel

For payment

24-10-2 @ $4.08 $ 100.00

For duty

24-10-2 @ $4.86-2/3 = $119.27

$119. @ 30%-10 32.15

Sales Tax

4% on $151.15 6.05

Excise Tax

1% on $151.15 1.51

DUMPING DUTY

24-10-2 @ $4.40 = $107.64

24-10-2 @ $4.04 = $ 99.01 8.85 48.52

148.52

Duty 30%-10 Laid down cost 48½% 1931

" 22½%-10 " " " 21-1/3% 1930

1951

Imports from United States

Cutlery - plated, not steel

For payment $ 100.00

Plus 25% Exchange 25.00

For duty 100.00

Plus 24% 24.00

124.00 @ 45% 55.80

Sales Tax

4% on $179.80 7.19

Excise Tax

1% on $179.80 1.80 89.79

189.79

Duty 45% Laid down cost 90% 1951

" 35% " " " 36-1/3% 1930

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FORM 2.

124451

EXHIBIT NO. 17.

Present laid down cost

1951

Imports from Great Britain

Fancy pins and buckles

For payment

74-7-5 @ $4.08 — $303.43

For duty

74-7-5 @ $4.86-2/3 = $361.94

$362. @ 30%-10 — 97.74

Sales Tax

4% on $459.74 — 18.39

Excise Tax

1% on $459.74 — 4.60

DUMPING DUTY

74-7-5 @ $4.40 = $327.23

74-7-5 @ $4.04 = $300.46 — 26.77 — 147.50

450.93

Duty 30%-10 Laid down cost 49% 1931

" 22½%-10 " " " 21½% 1930

1951

Imports from United States

Fancy pins and buckles - classified as jewellery

For payment — $ 303.43

Plus 25% Exchange — 75.86

For duty 303.45

Plus 24% 72.82

376.25

$376. @ 45% — 169.20

Sales Tax

4% on $545.20 — 21.81

Excise Tax

1% on $545.20 — 5.45 — 272.32

575.75

Duty 45% Laid down cost 90% 1951

" 35% " " " 36-2/3% 1930

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FORM 2.

EXHIBIT NO. 18.

124452

Present laid down cost

1931

Imports from Great Britain

Boots and shoes

For payment			
24-10-2 @ $4.08			$ 100.00
For duty			
24-10-2 @ $4.86-2/3 = $119.27			
$119. @ 25%-10		26.78	
Sales Tax			
2% on $145.78		2.92	
Excise Tax			
1% on $145.78		1.46	
DUMPING DUTY			
24-10-2 @ $4.40 = $107.84			
24-10-2 @ $4.04 = $ 99.01		8.83	39.99
			139.99

Duty 25%-10 Laid down cost 40% 1931

" 17½%-10 " " " 16-1/3% 1930

1931

Imports from United States

Boots and shoes

For payment			$ 100.00
Plus 25% Exchange		25.00	
For duty	100.00		
Plus 24%	24.00		
	124.00 @ 40%	49.60	
Sales Tax			
2% on $173.60		3.47	
Excise Tax			
1% on $173.60		1.74	79.81
			179.81

Duty 40% Laid down cost 80% 1931

" 30% " " " 30½% 1930

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124453 EXHIBIT NO. 19.

FORM 2.

Present laid down cost

1931

Imports from Great Britain

Earthenware articles -
Jars, Vases, Dishes, etc.

For payment

24-10-2 @ $4.08		$ 100.00
For duty		
24-10-2 @ $4.86-2/3 = $119.27		
$119. @ 25%-10	26.78	
Sales Tax		
4% on $145.78	5.83	
Excise Tax		
1% on $145.78	1.46	
DUMPING DUTY		
24-10-2 @ $4.40 = $107.84		
24-10-2 @ $4.04 = $ 99.01	8.85	42.90
		142.90

Duty 25%-10 Laid down cost 43% 1931
" 20%-10 " " " 19% 1930

1931

Imports from United States

Earthenware articles -
Jars, Vases, Dishes, etc.

For payment $ 100.00

Plus 25% Exchange	25.00	
For duty 100.00		
Plus 24% 24.00		
124.00 @ 35%	43.40	
Sales Tax		
4% on $167.40	6.70	
Excise Tax		
1% on $167.40	1.67	76.77
		176.77

Duty 35% Laid down cost 76⅔% 1931
" 30% " " " 31-1/3% 1930

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FORM NO 2

124454 EXHIBIT NO 20

Present laid down cost 1931

Imports from Great Britain

Greeting Cards

For payment		
61-10-5 @ 4.08		$251.00
For duty		
61-10-5 @ 4.86-2/3;-$299.40 $299/@ 22½%-10	60.55	
Sales Tax		
4% on $359.55	14.38	
Excise Tax		
1% on $359.55	3.60	
DUMPING DUTY		
61-10-5 @ 4.40;-270.69 61-10-5 @ 4.04;-248.54	22.15	100.68
		351.68

Duty 22½%-10 Laid down cost 40% 1931
Duty 15% " " " 16% 1930

Imports from U. S. A.

Greeting Cards

For payment			$251.00
Exchange 25%		62.75	
For duty	251.00		
Plus 24%	60.24	$311.24	
311. @ 35%		108.85	
48-5/8 lbs @ 5¢ per lb.		2.43	
Sales Tax			
4% on $422.28		16.89	
Excise Tax			
1% on $422.28		4.22	195.14
			446.14

Duty 35%, 5¢ lb Laid down cost 78% 1931
Duty 22½% Laid " " 25% 1930

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124455

FORM NO 2

EXHIBIT NO 21

GOODS NOT MADE IN CANADA

Imports from Great Britain

Silk Handkerchiefs

For payment		
115-3-5 @ 4.08		$469.89
For duty		
115-3-5 @ 4.86-2/3:- 560.50		
$561. @ 27½%-10	153.85	
Sales Tax		
4% on $699.85	27.99	
Excise Duty		
1% on $699.85	7.00	173.84
		643.73

Duty 27½%-10 Laid down cost 37% 1931

Duty 25%-10 " " " 23⅔% 1930

Imports from U. S. A.

Silk Handkerchiefs

For payment		$469.89
Plus 25% exchange	117.47	
For duty 469.89		
Plus 24% 112.77	582.66	
$583 @ 45%	262.55	
297 oz. @ 7¢ oz	20.79	
Sales Tax		
4% on $866.14	34.65	
Excise Tax		
1% on $866.14	$ 8.66	443.92
		913.81

Duty 45%, 7¢ oz, Laid down cost 94½% 1931

Duty 35% " " " 36-1/3% 1930

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124456

FORM NO 2

EXHIBIT NO 22

GOODS NOT MADE IN CANADA

Imports from Great Britain

Lace Yokes

For payment		
129-3-4 @ 4.08		$527.00
For duty		
129-3-4 @ 4.86-2/3;-628.62		
$629 @ 25%-10	141.52	
55 lbs @ 3¢ lb-10	1.48	
Sales Tax		
4% on $772.00	30.88	
Excise Tax		
1% on $772.00	7.72	181.60
		$708.60

Duty 25%-10, 3¢lb-10 Laid down cost 34½% 1931
Duty 20%-10 " " " 19¼% 1930

Imports from U. S. A.

Lace Yokes

For payment		$527.00
Plus 25% exchange	131.75	
For duty 527.00		
Plus 24% 126.48	653.48	
$653 @ 35%	228.55	
55 lbs @ 4¢ lb	2.20	
Sales Tax		
4% on $883.75	35.35	
Excise Tax		
1% on $883.75	8.84	406.69
		$ 935.69

Duty 35%, 4¢ lb Laid down cost 77% 1931
Duty 30% " " " 31% 1930

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124457

Form No 2

EXHIBIT NO 23

GOODS NOT MADE IN CANADA

Imports from Great Britain

Lace Curtains (Cotton)

For payment			
24-11-8 @ 4.08			$100.30
100 pr. @ 4/11 pr. pair			
For duty			
24-11-8 @ 4.86-2/3;- 119.64			
$120. @ 25%-10		27.00	
50 lbs @ 3¢ lb-10		1.35	
Sales Tax			
4% on $148.35		5.93	
Excise Tax			
1% on $148.35		1.48	35.76
			136.06

Duty 25%-10,3¢lb-10 Laid down cost 36% 1931

Duty 20% -10 " " " 19¼% 1930

Imports from U. S. A.

Lace Curtains (Cotton)

For payment			$100.30
Plus 25% exchange		$25.08	
For duty	100.30		
Plus 24%	24.07		
	124.37		
$124. @ 35%		43.40	
50 lbs @ 4¢ lb		2.00	
Sales Tax			
4% on $169.40		6.78	
Excise Tax			
1% on $169.40		1.69	78.95
			$179.25

Duty 35%, 4¢ lb Laid down cost 79% 1931

Duty 30% " " " 31-1/3% 1930

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124458

Importations from Foreign Countries

showing comparative costs 1930 versus 1931.

FORM 4.		EXHIBIT NO.
	Silk fabric, from France	1.
	Woollen fabric from France	2.
	Woollen fabric in the grey from France	3.
	Silk fabric from Switzerland	4.
	Woollen fabrics from Germany	5.

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CANADA

L24459

FORM 4. Exhibit No. 1.

Comparative laid down cost

SILK FABRICS FROM FRANCE.

Prior to Sept. 16, 1930

For payment

1 yd. @ 1.25 — $1.25

For Duty

1.25 @ 32½% - 10 — .37

Sales Tax

1.62 @ 1% — .02 — .39

$ 1.64 - 31¼%

1930 Duty & Sales Tax 31%

Present Basis

For payment

1 yd. @ 1.25 — 1.25

Plus Exchange 18% — .23

For Duty

1.25
Plus 18% .23 — 1.48

1.48 @ 40% - 10 — .53

.10¢ yd. - 10 — .09

Sales Tax

2.10 @ 4% — .08

Excise Tax

2.10 @ 1% — .02 — .95

$2.20 - 76%

1931 Duty, Sales & Excise Taxes 76%

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FORM 4.

124460 Exhibit No. 2.

Comparative laid down cost

WOOLLEN FABRICS FROM FRANCE.

Prior to Sept. 16, 1930

For payment

1 yd. .96¢ yd. .96¢

For Duty

.96¢ @ 35%-15 - .29

Sales Tax

1.25 @ 1% .01 .30

$1.26 - 31¼%

1930 Duty and Sales Tax 31%

Present Basis

For payment

1 yd. .96¢ yd. .96¢

Plus Exchange 18% .17

For Duty

.96
Plus 18% .17 1.13

1.13 @ 35% - 15 .34

4 oz. @ .30¢ lb-15 .07

Sales Tax

1.54 @ 4% .06

Excise Tax

1.54 @ 1% .02 .66

$ 1.62 - 68¾%

1931 Duty, Sales & Excise Taxes 68%

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FORM 4.

Exhibit No. 3.

12446

Comparative laid down cost -

WOOL FABRIC IN THE GREY FROM FRANCE.

Prior to September 16, 1930.

Wool fabric in the grey

65 yds. @ 15½¢ yd. $ 10.08

For Duty

$10.08 @ 17½%-15 1.50

Sales Tax

1% on 11.58 .12 1.62

$ 11.70 - 16%

1930 Duty & Sales Tax 16%

Wool fabric in the grey

65 yds. @ 15½¢ (4 oz.) $10.08

Exchange 20% 2.02

For Duty 10.08

Plus 20% exchange 2.02

12.10

$12.10 @ 25% - 15 2.58

16¼ lbs. @ 17½¢ lb.-15 2.41

Sales & Excise Taxes

5% on 17.09 .85 7.86

$ 17.94 -78%

1931 Duty & Sales Taxes 78%

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CANADA

FORM 4.

Exhibit No. 4.

124462

Comparative laid down cost -

SILK FABRIC FROM SWITZERLAND.

Prior to Sept. 16, 1930.

For payment

1 yd. @ 1.35 yd. $ 1.35

For Duty

1.35 @ 32½%-10 .39

Sales Tax

1.74 @ 1% .02 .41

$ 1.76 - 30-1/3%

1930 Duty and Sales Tax 30%

Present Basis

For payment

1 yd. @ 1.35 yd. 1.35

Plus Exchange 18% .24

For Duty

1.35
Plus 18% .24 1.59

1.59 @ 40%-10 .58

.10¢ yd. - 10 .09

Sales Tax

2.26 @ 4% .09

Excise Tax

2.26 @ 1% .02 1.02

$ 2.37 -75½%

1931 Duty, Sales & Excise Taxes 75%

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FORM 4.

124463 Exhibit No. 5.

Comparative laid down cost

WOOLLEN FABRIC FROM GERMANY.

Prior to Sept. 16, 1930.

For payment

1 yd. @ .96 — .96¢

For Duty

.96¢ @ 35% — .34

Sales Tax

1.30 @ 1% — .01 — .35

$ 1.31 - 36½%

1930 Duty and Sales Tax 36 %

Present Basis

For payment

1 yd. @ .96 — .96¢

Plus Exchange 18% — .17

For Duty

.96 + .17 = 1.13

1.13 @ 40% — .45

4 oz. @ 35¢ lb. — .09

Sales Tax

1.67 @ 4% — .07

Excise Tax

1.67 @ 1% — .02 — .80

$ 1.76 - 83-1/3%

1931 Duty, Sales & Excise Taxes 83%

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124464

Importations from United States

Showing comparisons 1930 versus 1931.

FORM 3.		EXHIBIT NO.
	Pure silk fabrics	1.
	Artificial silk fabric	2.
	Cotton and artificial silk fabric	3.- 4.
	Printed cotton fabric	5.

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FORM 3. Exhibit No. 1.

124465

Comparative laid down cost -

ALL SILK FABRICS. PRINTED. FROM U.S.A.

Prior to September 16. 1930

Silk Fabrics, printed

10 yds. @ .95¢ yd. - $ 9.50

For Duty

$ 9.50 @ 35% - $3.33

Sales Tax

1% on $12.83 - .13 3.46

$ 12.96 - 36½%

1930 Duty & Sales Tax 36%

Effective September 16th. 1930

Silk Fabrics, printed

10 yds. @ .95¢ yd. - $ 9.50

plus Exchange 20% - $1.90

For Duty

$ 9.50
Plus 20% 1.90 45% - 5.13

$11.40

10 yds. 10¢ yd 1.00

Sales & Excise Taxes

5% on $17.53 .87 8.90

$18.40 - 93½%

1931 Duty, Sales & Excise Taxes 93%

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FORM 3. Exhibit No. 8.

124466

Comparative laid down cost -

ALL ARTIFICIAL SILK FABRICS FROM U.S.A.

Prior to Sept. 16th 1930.

Art Silk Fabrics

10 yds. @ .57½¢ yd. - 5.75

For Duty

5.75 35% 2.01

Sales Tax

1% on 7.76 .08 2.09

$ 7.84 - 36½%

1930 Duty & Sales Tax 36%

Present Basis

. Art Silk Fabrics

10 yds. @ .57½¢ yd. - 5.75

Plus 20% Exchange - 1.15

For Duty

5.75
1.15 plus 20%
6.90 45% 3.11
1 7/8 lbs. 40¢ lb. .75

Sales & Excise Taxes

5% on 10.76 .54 5.55

$11.30 - 96½%

1931 Duty, Sales & Excise Taxes 96%

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FORM 3.

124467

Exhibit No. 3.

Comparative laid down cost -

COTTON & ART SILK PIECE FABRICS FROM UNITED STATES

Prior to Sept. 16th 1930

Art Silk & Cotton Fabrics

10 yds. @ 15¢ 1.50

For Duty

1.50 .35% .52½

Sales Tax

1% on 2.02½ .02 .54½

$2.04½ - 36½%

1930 Duty & Sales Tax 36%

Present Basis

Art Silk & Cotton Fabrics

10 yds. @ .15¢ 1.50

exchange 20% .30

For Duty

1.50

Exchange .30

1.80 45% .81

1 7/8 lbs .40 lb. .75

Sales & Excise Taxes

5% on 3.36 .17 2.03

$ 3.53 - 135½%

1931 Duty, Sales & Excise Taxes 135%

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124468

FORM 3. Exhibit No. 4.

Comparative laid down cost -

ARTIFICIAL SILK DAMASK FROM UNITED STATES.

Prior to September 16, 1930.			PRESENT BASIS		
For payment			For payment		
10 yds. art silk @ 40¢ yd.		$ 4.00	10 yds. art silk @ 40¢ yd.		$4.00
For Duty			Plus 20% Exchange		.80
$4.00 @ 35%		1.40	For Duty	4.00	
Sales Tax			Plus 20% Exchange	.80	
1% on $5.40	.05	1.45	4.80 @ 45%		2.16
		$ 5.45 - 36¼%	4¾ lbs. @ 40¢ lb.		1.90
			Sales & Excise Taxes		
			5% on 8.86	.44	5.30
					$ 9.30 - 132½
1930 Duty & Sales Tax 36%			1931 Duty, Sales & Excise Taxes 132%		

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FORM 3.

Exhibit No. 5.

124469

Comparative laid down cost -

ALL COTTON PRINTED PIECE GOODS FROM UNITED STATES.

prior to Sept. 16th 1930

Printed Cotton Fabrics

10 yds. @ .11 yd. - 1.10

For Duty

1.10 @ 27½% .30

Sales Tax

1% on 1.40 .01½

.31½

$ 1.41½ - 28½%

1930 Duty & Sales Tax 28%

Present Basis

Printed Cotton Fabrics

10 yds. @ .11 yd. - 1.10

plus exchange 20% .22

For Duty

1.10
plus exchange .22

1.32 32½% .43

2½ lbs. 4¢ lb. .10

Sales & Excise Taxes

5% on 1.85 .09 .84

$1.94 - 76½%

1931 Duty, Sales & Excise Taxes 76%

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FROM THE OFFICE OF
MR. D. H. GIBSON

The Hon. Arthur Meighen, -

124770

This statement in reference
letter under separate cover.

D. H. Gibson,
ROBT. SIMPSON CO.LTD.,
Toronto.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

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124470

Re - Attached Exhibits.

FORM 1. Imports from Great Britain, showing comparative costs 1930 versus 1931

2. " " Great Britain and United States, showing present comparative costs

3. " " United States, showing comparative costs 1930 versus 1931

4. " " Contentinal Countries, showing comparative costs 1930 versus 1931

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124472

Importations from Great Britain

Showing comparisons 1930 versus 1931.

FORM 1.		EXHIBIT NO.
	Cotton and artificial silk fabrics	1 - 2.
	Artificial silk fabric	3.
	Cotton fabrics	4 - 5.
	Wool fabrics	6 - 11.
	Wool clothing	12 - 14.
	Wool hosiery	15.
	Wool blankets	16.
	Wool knitted goods	17.
	Linen tablecloths, etc	18 - 21.
	Cotton sheets, etc	22 - 24.
	Carpets	25.
	Silverware	26.
	Hats	27.

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124473 EXHIBIT NO. 1.

FORM 1.

Comparative laid down cost

COTTON AND ART. SILK PIECE FABRICS FROM ENGLAND.

Prior to September 1930

Art. silk & cotton fabrics 10 yds @ 18d. =
(3 oz. to yd. 50% art. silk) 15/- @ $4.86-2/3 $ 3.65

For duty
15/7 @ $4.86-2/3 $4.04 @ 20%-10 .73¢

Sales Tax
1% on $4.77 .05¢

Dumping duty
Less 1/- per lb. (15 oz)

16-7				
-11				
15-8	F. M. V.			
15-0	S. P.			
8	@ $4.86-2/3	.16¢	.94	
				4.59 - 25½%

1930 Duty and Sales Tax 25%

PRESENT BASIS

Art. silk & cotton fabrics 10 yds @ 18d. =
(3 oz. to yd.) 15/- @ $4.18 $ 3.14

For duty
16/7 @ $4.86-2/3 $4.04 @ 27½%-10 1.00
1-7/8 lbs @ 30¢ lb.-10 .50

Sales & Excise Taxes
5% on $5.54 .28

DUMPING DUTY

Less 1/- lb. (15 oz.)	16-7				
	-11				
	15-8	@ $4.40	$3.45		
	15-0	@ $4.14	$3.11	.34	2.12
					5.26 - 67½%

1931 Duty, Sales Tax and dumping duty 67%

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FORM 1.

124474

EXHIBIT NO.2

Comparative laid down cost

ART. SILK AND COTTON FABRICS FROM ENGLAND.

Prior to September 16, 1930.

For payment

96-11-10 @ $4.86-2/3 — $ 470.08

For duty

104-15-0 @ $4.86-2/3 = $509.78

$510. @ 30%-10 — 91.80

Sales Tax

1% on $601.80 — 6.02

Dumping duty due to British Excise on art. silk.

Fair market value 104-15-0

Less 1/- lb.

96½ lbs. 4-16-3

99-18-9

Selling price 96-11-10

3- 6-11 @ $4.86-2/3 — 16.28 — 114.10

584.18

24½%

1930 Duty and Sales Tax 24%

PRESENT BASIS

For payment

96-11-10 @ $4.13 — $ 398.92

For duty

104-15-0 @ $4.86-2/3 = $509.78

$510. @ 27½%-10 — 126.25

188 lbs. @ 30¢ lb.-10 — 50.76

Sales Tax

4% on $686.99 — 27.48

Excise Tax

1% on $686.99 — 6.87 — 211.34

Dumping duty due to British Excise on art. silk

Fair market value 104-15-0

Less 1/- lb.

96½ lbs. 4-16-3

99-18-9 @ $4.40 = 439.75

Selling price 96-11-10 4.09 = 395.06

3- 6-11

44.67 — 44.67

654.93 -

64%

1930 Duty, Sales Tax, and dumping duty 64%

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FORM 1. 124475 EXHIBIT NO. 3.

Comparative laid down cost

ALL ARTIFICIAL SILK FABRICS FROM GREAT BRITAIN

Prior to September 16, 1930.

Art silk fabrics
10 yds. @ 2/- yd. 1-0-0 @ $4.86-2/3 $ 4.87

For duty
1-2-6 @ $4.86-2/3 $5.47 @ 17½%-10 .87¢

Sales Tax
1% on $6.34 .06¢

Dumping duty
Less 1/- lb 1-2-6 / 1-10 / 1-0-8 / 1-0-0 / -8 @ $4.86-2/3 .16¢ 1.09

5.96 - 22%

1930 Duty and Sales Tax 22%

PRESENT BASIS

Art silk fabrics
10 yds. @ 2/- yd. 1-0-0 @ $4.18 $4.18

For duty
1-2-6 @ $4.86-2/3 $5.47 @ 27½%-10 1.35
1-7/8 lbs. @ 30¢ lb.-10 .51

Sales & Excise Taxes
5% on $7.53 .37

DUMPING DUTY
Less 1/- lb. 1-2-6 / 1-10
1-0-8 @ $4.40 = $4.55
1-0-0 @ $4.14 = $4.14 .41 2/64

6.82 - 63%

1931 Duty, Sales Tax and dumping duty 63%

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FORM 1. 124476 EXHIBIT NO. 4.

Comparative laid down cost

ALL COTTON PRINTED PIECE GOODS FROM GREAT BRITAIN

Prior to September 16, 1930

Printed cotton fabrics
10 yds @ 6½d. = 5/5 @ $4.86-2/3 $ 1.32

Per duty
$1.32 @ 20%-10 .24¢

Sales Tax
1% on $1.56 .01½ .25½

1.57½ - 19½%

1930 Duty and Sales Tax 19%

PRESENT BASIS

Printed cotton fabrics
10 yds @ 6½d. = 5/5 @ $4.18 $ 1.15
(4 cs.)

Per duty
5/5 @ $4.86-2/3 $1.32 @ $22½%-10 .28
2½ lbs. @ 3¢ lb.-10 .07

Sales & Excise Taxes
5% on $1.67 .08

DUMPING DUTY
5/5 @ $4.40 = $1.19
5/5 @ $4.14 = $1.12 .07 .30

1.63 -
44½%

1931 Duty, Sales Tax and dumping duty 44%

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FORM 1.

EXHIBIT NO. 5.

124477

Comparative laid down cost

WHITE COTTON FLANNELETTE FROM GREAT BRITAIN

Prior to September 16, 1930.

10 yds. Cotton flannelette 5-1/8d. yd. =
4/3d. @ $4.86-2/3 $ 1.03

For duty
4/3 @ $4.86-2/3 = $1.03 @ 15% .15½

Sales Tax
1% on $1.18½ .01 .16½

1.19½ - 16%

1930 Duty and Sales Tax 16%

PRESENT BASIS

10 yds. Cotton flannelette @ 5-1/8d. yd. =
4/3d. @ $4.18 .89¢

For duty
10 yds. @ 5-1/8d. @ $4.86-2/3 = $1.04
$1.04 @ 20%-10 .19¢
2⅔ lbs. @ 3¢ lb.-10 .07¢

Sales & Excise Taxes
5% on $1.30 .06½

DUMPING DUTY
Fixed value 4/3 @ $4.40 = .94¢
Invoice cost 4/3 @ $4.14 = .88 .06 .39½

1.27½ -
43%

1931 Duty, Sales Tax and dumping duty 43%

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124478

NOTE 1. EXHIBIT NO. 6.

Comparative laid down cost

WOOL PIECE GOODS FROM GREAT BRITAIN

Prior to September 16, 1930.

Wool fabrics per yd. 3/9 @ $4.86-2/3 .91¢

Per duty

3/9 @ $4.86-2/3 .91¢ @ 27½%-10 .25¢

Sales Tax

1% on $1.14 .01¢ .24

1.15 - 26½%

1930 Duty and Sales Tax 26%

PRESENT BASIS

Wool fabrics per yd. 3/9 @ $4.18 .78¢

Per duty

3/9 @ $4.86-2/3 .91¢ @ 27½%-10 .25

5 oz. @ 25¢ lb.-10 .07

Sales & Excise Taxes

8% on $1.30 .06

DUMPING DUTY

3/9 @ $4.40 .83¢

3/9 @ $4.14 .78¢ .05 .41¢

1.19 - 52½%

1931 Duty, Sales Tax and Dumping Duty 52%

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FORM 1. 124479 EXHIBIT NO. 7.

Comparative laid down cost

WOOL OVERCOATING FABRIC FROM ENGLAND.

Prior to September 1930

Wool O'coating 10 yds @ 5/- yd =
2-10-0 @ $4.86-2/3 (2 lbs.yd) $ 12.17

For duty

2-10-0 @ $4.86-2/3 = $12.17 @ 27½%-10 3.01

Sales Tax

1% on $15.18 .15 3.16

15.33 - 26%

1930 Duty and Sales Tax 26%

PRESENT BASIS

Wool O'coating 10 yds @ 5/- yd. =
2-10-0 @ $4.18 (2 lbs yd.) $ 10.45

For duty

2-10-0 @ $4.86-2/3 = $12.17 @ 27½%-10 3.01
20 lbs. @ 25¢ lb.-10 4.50

Sales & Excise Taxes

5% on $19.68 .98

DUMPING DUTY

2-10-0 @ $4.40 = $11.00
2-10-0 @ $4.14 = $10.35 .65 9.14

19.59 - 47½%

1931 Duty, Sales Tax, and dumping duty 87%

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FORM 1. EXHIBIT NO. 8.

124480

Comparative laid down cost

WOOL FABRIC, HIGH GRADE SUITINGS FROM GREAT BRITAIN

Prior to September 16, 1930

High Grade wool suitings

1 yard 8/- $4.86-2/3 $1.95

For duty

8/- @ $4.86-2/3 = $1.95

$1.95 @ 27½%-10 .48

Sales Tax

1% on $2.43 .02

2.45 - 25%

1930 Duty and Sales Tax 25%

PRESENT BASIS, January 22, 1932.

High grade wool suitings

1 yard 8/- $4.13 $ 1.65

For duty

8/- @ $4.86-2/3 = $1.95

$1.95 @ 27½%-10 .48

15 cn. @ 25¢ lb.-10 .22

Sales Tax

4% on $2.65 .11

Excise Tax

1% on $2.65 .03

DUMPING DUTY

8/- @ $4.40 = $1.76

8/- @ $4.09 = $1.64 .12 .96

2.61 - 58%

1931 Duty, Sales Tax, and damping duty 58%

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FORM 1. 124481 EXHIBIT NO. 9.

Comparative laid down cost

WOOL FABRICS, OVERCOATINGS FROM GREAT BRITAIN

For Manufacturing Dept.

Prior to September 16, 1930.

Wool overcoating (heavy weight)

1 yard @ 4/6	$4.86-2/3	$1.10
For duty		
4/6 @ $4.86-2/3 = $1.10		
$1.10 @ 27½%-10		.27¢
NO SALES TAX		- - -
		1.37 - 24½%

1930 Duty 24%

PRESENT BASIS, January 22, 1932.

Wool overcoating (heavy weight)

1 yard 4/6 @	$4.13		.95¢
For duty			
4/6 @ $4.86-2/3 = $1.10			
$1.10 @ 27½%-10			.27¢
34 oz. @ 25¢ lb.-10			.48
NO SALES TAX			- -
Excise Tax			
1% on $1.85			.02
DUMPING DUTY			
4/6 @ $4.40 = .99¢			
4/6 @ $4.09 = .92¢		.07	.84
			1.77 -
			90-1/2%

1931 Duty and Excise Tax
and dumping duty 90%

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FORM NO. 1 EXHIBIT NO. 10

124482

Comparative laid down cost

Wool Fabrics, Suitings, from Great Britain

For Manufacturing Dept.

Prior to September 16, 1930	
Wool fabric, Mens Suiting	
1 yard @ 4/6 @ 4.86-2/3	$1.10
For duty	
4/6 @ 4.86-2/3;-$1.10 @ 27½%-10	.27
NO SALES TAX	----
	1.37

1930 Duty 24%

PRESENT BASIS, January 22, 1932		
Wool Fabric, Mens Suiting		
1 yard @ 4/6;@ $4.13		93¢
For duty		
4/6 @ 4.86-2/3 $1.10 @ 27½%-10	.27	
16 oz. @ 25¢ lb -10	.25	
NO SALES TAX	---	
Excise Tax		
1% on $1.60	.02	
DUMPING DUTY		
4/6 @ 4.40;- 99¢		
4/6 @ 4.09;- 82	.07	59¢
		1.52

1931 Duty, & Dumping Duty 65%

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CANADA

124483

FORM NO. 1 EXHIBIT NO. 11

Comparative laid down cost

WOOL PIECE GOODS IN THE GREY FROM ENGLAND

Prior to September 1930

Wool fabric in the grey
4 oz to the sq. yd 52/- @ 4.86-2/3 $20.20

For Duty

52/- @ 4.86-2/3 ;$20.20 @ 10% 2.02

Sales Tax

1% on $22.22 .22 2.24

$ 22.44

1930 Duty, Sales Tax 11%

PRESENT BASIS

Wool fabric in the grey
4 oz to the sq yd. 52/- @ 4.18 $17.35

For duty

52/- @ 4.86-2/3;-$20.20 @ 20%-10 3.64

16½lbs @ 12½¢ lb -10 1.83

Sales & Excise Tax

5% on $25.67 1.28

DUMPING DUTY

52/- @ 4.40;- 18.26
52/- @ 4.14;- 17.18 1.08 7.83

25.18

1931 Duty, Sales Tax & Dumping Duty 48%

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CANADA

124484

FORM NO. 2 — EXHIBIT No. 12

Comparative laid down cost

WOOL BLAZERS FROM GREAT BRITAIN.

Prior to September 16, 1930

For payment

1 Wool Blazer 20/- @ 4.86-2/3 — $4.87

For duty

20/- @ 4.86-2/3:- $4.87 @ 27½%-10 — 1.21

Sales Tax

1% on $6.08 — .06 — 1.27

6.14

1930 Duty & Sales Tax 26%

PRESENT BASIS

For payment

1 Wool Blazer 20/- @ 4.18 — $4.18

For duty

20/- @ 4.86-2/3:- $4.87 @ 30%-10 — 1.32

2 lbs @ 25¢ lb -10 — .45

Sales & Excise Tax

5% on $5.64 — .33

DUMPING DUTY

Fixed value 20/- @ 4.40:-4.40
Invoice price 20/-@ 4.14:-4.14 — .26 — 2.36

6.54

1931 Duty, Sales Tax & Dumping Duty 56%

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CANADA

124485

FORM NO. 1 EXHIBIT NO. 13

Comparative laid down cost

WOOL COATS FROM ENGLAND OF SPECIAL ENGLISH MATERIALS

Prior to September 16, 1930		
Wool Cost 70/- @ 4.86-2/3		$17.03
For duty		
70/- @ 4.86-2/3;-$17.03 @ 27½%-10	4.22	
Sales Tax		
1% on $21.24	.21	4.43
		21.46

1930 Duty, Sales Tax 26%

PRESENT BASIS		
Wool Cost 70/- @ 4.18		$14.63
For Duty		
70/- @ 4.86-2./3;-$17.03 @ 30%-10	4.59	
8 lbs @ 25¢ lb -10	1.80	
Sales & Excise Tax		
5% on $23.42	1.17	
DUMPING DUTY		
70/- @ 4.40;- 15.40		
70/- @ 4.14;- 14.49	.91	8.47
		25.10

1931 Duty, Sales Tax & Dumping Duty 59%

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CANADA

FORM NO. 1

EXHIBIT NO. 14

124486

Comparative laid down cost

WOOL SUITS FROM ENGLAND

West of England Worsteads

Prior to September 1930

Wool suits
60/- @ 4.86-2/3 $19.47

For duty

60/- @ 4.86-2/3=$19.47 @ 27½%-10 4.81

Sales Tax

1% on $24.28 .24 5.05

24.52

1930 Duty, Sales Tax 26%

PRESENT BASIS

Wool Suits, 60/- @ 4.18 16.72

For duty

60/- @ 4.86-2/3=$19.47 @ 30%-10 5.26
5 lbs @ 25¢ lb -10 1.12

Sales & Excise Tax

5% on $25.85 1.29

DUMPING DUTY
Fixed value 60/- @ 4.40= $17.60
Average " 60/- @ 4.14= $16.56 1.04 6.71

25.43

1931 Duty, Sales Tax & Dumping Duty 52%

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CANADA

FORM No 1

~~I 24486~~ EXHIBIT NO. 15

I 24487

Comparative laid down cost

WOOL HOSIERY FROM ENGLAND

Prior to September 10, 1930		
Wool Hosiery 1 doz 15/6 @ 4.86-2/3		$3.77
For Duty		
15/6 @ 4.86-2/3-$3.77 @ 25%-10	65¢	
Sales Tax		
1% on $4.62	05	.90
		4.67

1930 Duty, Sales Tax 23%

PRESENT BASIS		
Wool Hosiery 1 dz. 15/6 @ 4.18		3.24
For duty		
15.6 @ 4.86-2/3-$3.77 @ 30%-10	1.02	
$1.00 dz. pr. -10	.90	
Sales & Excise Tax		
5% on $5.69 .	.38	
DUMPING DUTY		
15/6 @ 4.40-3.41		
15/6 @ 4.14-3.21	.20	2.40
		5.64

1931 Duty, Sales Tax & Dumping Duty 74%

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FORM NO 1.

EXHIBIT NO. 16

124488

Comparative laid down cost

WOOL BLANKETS FROM GREAT BRITAIN

Prior to September 1930

1 pr. Wool Blankets 14/6 @ 4.86-2/3		$3.53
For duty		
14/6 @ 4.86-2/3;-$3.53 @ 22½%-10	71¢	
Sales Tax		
1% on $4.24	04¢	.75
		$4.28

1930 Duty, & Sales Tax 21%

PRESENT BASIS

1 pr. Wool Blankets 14/6 @ 4.18		$3.03
For duty		
14/6 @ 4.86-2/3;-3.53 @ 22½%-10	71¢	
8 lbs @ 20¢ lb -10	1.44	
Sales & Excise Tax		
8% on $5.68	.28	
DUMPING DUTY		
14/6 @ 4.40;- $3.19 14/6 @ 4.14;- $3.00	.19	2.62
		$ 5.65

1931 Duty, Sales Tax & Dumping Duty 86%

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FORM NO. 1

EXHIBIT NO. 17

124489

Comparative laid down cost

KNITTED SWEATERS FROM ENGLAND.

Prior to September 1930		
Knitted Sweaters 1 Doz. 13l/- @ 4.86-2/3		$31.68
For duty		
13l/- @ 4.86-2/3:-$31.68		
$31.68 @ 20%-10:-	5.74	
Sales Tax		
1% on $37.62	.38	6.12
		$38.00

1930 Duty & Sales Tax 19%

PRESENT BASIS		
knitted Sweaters 1 doz. 13l/- @ 4.12		$37.38
For duty		
13l/- @ 4.86-2/3:-$31.68 @ 25%-10:-	7.17	
Sales & Excise Tax		
5% on $39.05	1.95	
DUMPING DUTY		
13l/- @ 4.40:- $28.82 13l/- @ 4.14:- $27.12	1.70	10.82
		38.20

1931 Duty, Sales Tax & Dumping Duty 39%

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CANADA

FORM NO. 1

EXHIBIT NO 18

124490

Comparative laid down cost

LINEN TABLECLOTHS FROM GREAT BRITAIN.

Prior to September 16, 1930

For payment

1 Tablecloth @ 9/6 ea. @ 4.86-2/3 $2.51

For duty

$2.51 @ 20%-10 41¢

Sales Tax

1% on $2.72 03¢ .44

$2.75

1930 Duty & Sales Tax 19%

PRESENT BASIS

For payment

1 tableeloth @ 9/6 @ 4.18 $ 1.99

For duty

9/6 @ 4.86-2/3:-$2.51 @ 25%-10 52¢

2 lbs @ 3¢ lb -10 05

Sales & Excise Tax

5% on $2.82 14¢

DUMPING DUTY

Appraised value 9/6 @ 4.40½-2.09
Invoice cost 9/6 @ 4.14½-1.97 12¢ .25

$2.82

1931 Duty, Sales Tax & Dumping Duty 41%

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CANADA

[24491]

FORM NO. 1 — EXHIBIT NO. 19

Comparative laid down cost

LINEN TABLE NAPKINS FROM GREAT BRITAIN

Prior to September 16, 1930		
For payment		
1 Doz. Napkins @ 10/- per dz. @ 4.86-2/3		$2.43
For duty		
10/- @ 4.86-2/3;-$2.43 @ 20%-10	48¢	
Sales Tax		
1% on $2.88	02¢	.48
		$2.91

1930 Duty, Sales Tax 19%

PRESENT BASIS		
For payment		
1 dz. napkins 10/- dz @ 4.18		$2.09
For duty		
10/- @ 4.86-2/3; $2.43 @ 25%-10	35¢	
1½ lbs @ 3¢ lb -10	04¢	
Sales & Excise Tax		
5% on $3.02	15¢	
DUMPING DUTY		
Appraised value 10/- @ 4.40;2.20 Invoice cost 10/- @ 4.14;2.07	13¢	.87
		2.96

1931 Duty, Sales Tax & Dumping Duty 41%

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CANADA

124492

FORM NO. 1 EXHIBIT NO. 20

Comparative laid down cost

LINEN PILLOW CASES FROM GREAT BRITAIN

Prior to September 1930

For payment

1 pr. Pillow cases 2/- @ 4.86-2/3		49¢
For duty		
2/- @ 4.86-2/3; 49¢ @ 20%-10	09¢	
Sales Tax		
1% on 58¢	01	10¢
		59¢

1930 Duty, Sales Tax 20%

PRESENT BASIS

For payment

1 pr. Pillow cases 2/- per pr @ 4.12		42¢
For duty		
2/- @ 4.86-2/3-49¢ @ 25%-10	11¢	
4½ oz. @ 3¢ lb-10	01¢	
Sales & Excise Tax		
5% on 61¢	03¢	
DUMPING DUTY		
Appraised value 2/- @ 4.40;- 44¢		
Invoice Cost 2/- @ 4.14;- 41¢	03¢	18¢
		60¢

1931 Duty, Sales Tax & Dumping Duty 43%

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CANADA

FORM NO. 1

L 24493

EXHIBIT NO. 21

Comparative laid down cost

WHITE LINEN TOWELS FROM GREAT BRITAIN.

Prior to September 1930

For payment

1 dz. Linen Towels @ 10/- per dz @ 4.86-2/3 $2.43

For duty

10/- @ 4.86-2/3:- $2.43 @ 20%-10 44¢

Sales Tax

1% on $2.87 03¢ .47

2.90

1930 Duty, Sales Tax 19%

PRESENT BASIS

For payment

1 dz. Linen Towels @ 10/- per dz @ 4.12 $2.09

For duty

10/- @ 4.86-2/3:-$2.43 @ 25%-10 .55

3-1/8 Lbs @ 3¢ lb-10 .08

Sales & Excise Tax

5% on $3.06 .15

DUMPING DUTY

Fixed value 10/- @ 4.40 2.20
Invoice cost 10/- @ 4.14 2.09 .15 .01

3.00

1931 Duty, Sales & Dumping Duty 43%

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FORM NO. 1 124494 EXHIBIT NO. 22

Comparative laid down cost

COTTON SHEETS FROM GREAT BRITAIN

Prior to September 1930		
1 Pair Cotton Sheets 6/9 @ 4.86-2/3		$1.64
For duty		
$1.64 @ 15%	25¢	
Sales Tax		
1% on $1.89	02¢	.27
		1.91

1930 Duty, Sales Tax 16%

PRESENT BASIS		For Payment
1 Pair Cotton Sheets 6/9 @ 4.13		1.41
For Duty		
6/9 @ 4.86-2/3-1.64 @ 25%-10	37¢	
2½ lbs @ 3¢ lb-10	09¢	
Sales & Excise Tax		
5% on $2.10	11¢	
DUMPING DUTY		
Fixed value 6/9 @ 4.40 1.49 Invoice Cost 6/9 : 4.14 1.40	09¢	.68
		$ 2.07

1931 Duty, Sales Tax & Dumping Duty 40%

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FORM NO. 1

EXHIBIT NO. 83

124495

Comparative laid down cost

COTTON TOWELS FROM GREAT BRITAIN

Prior to September 1930		
1 dozen cotton towels 5/3 @ 4.86-2/3		1.22
For duty		
5/3 @ 4.86-2/3;-$1.22 @ 15%	19¢	
Sales Tax		
1% on $1.47	01¢	.20
		1.48

1930 Duty & Sales Tax 15%

PRESENT BASIS		
1 doz. Cotton towels 5/3 @ 4.18		$1.10
For duty		
5/3 @ 4.86-2/3;-$1.22 @ 25%-10	.29	
2½ lbs @ 5¢ lb-10	.09	
Sales & Excise Tax		
5% on $1.66	.08	
DUMPING DUTY		
Fixed value 5/3 @ 4.40; $1.16		
Invoice Cost 6/9 @ 4.14; 1.09	.07	.53
		$ 1.63

1931 Duty, Sales Tax & Dumping Duty 48%

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FORM NO. 1 124496 EXHIBIT NO. 84

Comparative laid down cost

COTTON PILLOW CASES FROM GREAT BRITAIN

Prior to September 1930		
1 doz. Cotton Pillow Cases 10/6 dz. @ 4.86-2/3		2.56
Duty		
15% on $2.56	38¢	
Sales Tax		
1% on $2.94	03¢	.41
		2.97

1930 Duty, Sales Tax 16%

PRESENT BASIS		
1 doz. Cotton Pillow Cases 10/6 @ 4.18		$3.19
For Duty		
10/6 @ 4.86-2/3-$2.56 @ 25%-10	.58¢	
4½ lbs @ 3¢ lb-10	.12	
Sales & Excise Tax		
5% on $3.26	.16	
DUMPING DUTY		
Fixed value 10/6 @ 4.40-2.51 Invoice Cost 10/6 @ 4.14-2.17	.14	1.00
		3.19

1931 Duty, Sales Tax & Dumping Duty 45%

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FORM NO. 1

EXHIBIT NO. 25

124497

Comparative laid down cost

AXMINSTER CARPETS FROM GREAT BRITAIN

Prior to September 1930

Carpet 15' x 12' 9-15-0 @ 4.86-2/3		$47.45
For duty		
9-15-0 @ 4.86-2/3;-$47.45 @ 25%-10	10.67	
Sales Tax		
1% on $58.12	.58	11.25
		58.70

1930 Duty, Sales Tax 25%

PRESENT BASIS

Carpet 15' x 12' 9-15-0 @ 4.18		40.76
For Duty		
9-15-0 @ 4.86-2/3;-$47.45 @ 30%-10	12.82	
180 Sq. Ft. : 10¢ sq ft -10	16.20	
Sales & Excise Tax		
5% on $76.48	3.82	
DUMPING DUTY		
Fixed Value 9-15-0 @ 4.40;- 42.90		
Average " 9-15-0 @ 4.14;- 40.37	2.53	35.37
		76.15

1931 Duty, Sales Tax & Dumping Duty 86%

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FORM NO. 1

EXHIBIT NO. 26

124498

Comparative laid down cost

SILVERWARE FROM GREAT BRITAIN.*

Prior to September 1930

For payment

One cake basket 3/- @ 4.86-2/3 — 73¢

For duty

3/- @ 4.86-2/3 3- 73¢ @ 22½%-10 — 14¢

Sales Tax

1% on 87¢ — 01¢ — 15¢

88¢

1930 Duty, Sales Tax 20%

PRESENT BASIS

For payment

one cake basket @ 3/- @ 4.18 — 63¢

For duty

3/- @ 4.86-2/3-73 @ 30%-10 — 20¢

Sales & Excise Tax

5% on 93¢ — 05¢

DUMPING DUTY

Fixed value 3/- @ 4.40- 66¢
Average " 3/- @ 4.14- 62¢ — 04¢ — 29¢

92¢

1931 Duty, Sales Tax, & Dumping Duty 40%

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CANADA

FORM NO. 1

EXHIBIT NO. 27

L24499

Comparative laid down cost

LADIES HATS FROM GREAT BRITAIN.

PRIOR TO SEPTEMBER 1930

For payment

1 hat @ 8/9 @ 4.86-2/3 $2.13

For duty

8/9 @ 4.86-2/3-$2.13 @ 22½%-10 43¢

Sales Tax

1% on $2.56 05 .46

2.59

1930 Duty, Sales Tax 21%

PRESENT BASIS

For payment

1 hat @ 8/9 @ 4.13 $1.65

For duty

8/9 @ 4.86-2/3-2.13
1 @ 1.50 dz .13
2.26 @ 22½%-10 46¢

Sales & Excise Tax

3% on $2.72 14

DUMPING DUTY

Fixed value 8/9 @ 4.40-1.93
Plus .13 2.06
Average " 8/9 @ 4.14 1.81 25¢ .65

2.68

1931 Duty, Sales Tax & Dumping Duty 46%

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124500

Importations from GREAT BRITAIN and UNITED STATES

showing present comparative costs.

FORM 2.

	EXHIBIT NO.
Silk fabric	1.
Artificial silk	2 - 4.
Cotton and artificial silk	5.
Cotton fabric	4 - 6.
Knitted goods	7.
Wool clothing	8 - 9.
Wool blankets	10.
Gloves and mitts	11.
Socks and stockings	12 - 13.
Platedware silver	14.
Platedware nickle	15.
Cutlery	16.
Jewellery	17.
Boots and shoes	18.
Earthenware	19.
Greeting cards	20.
Silk handkerchiefs	21.
Lace yokes (cotton)	22.
Lace curtains	23.

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FORM NO 2

124507 EXHIBIT NO 1

Present laid down cost

1931

Imports from Great Britain

Fabrics wholly or in part of artificial silk

For payment

33-15-4 @ 4.08 $137.77

For duty

33-15-4 @ 4.08-2/3- $164.33

$164. @ 27½%-10	40.59	
142-7/10 lbs @ 30¢ lb -10	38.53	
Sales Tax		
4% on $243.12	9.72	
Excise Tax		
1% on $243.12	2.43	
DUMPING DUTY		
32-15-4 @ 4.40½-144.17		
32-15-4 @ 4.04½-132.38	11.79	103.06
		240.83

Duty 27½%-10 Laid down cost 75% 1931
30¢ lb -10
" 27½%-10 " " " 10½% 1930

1931

Imports from United States

Fabrics wholly or in part of artificial silk

For payment $137.77

Plus 25% exchange	$34.44	
For duty	137.77	
Plus 25%	33.06	
	170.83	
$171. @ 45%	76.95	
142-7/10 lbs @ 40¢ lb	57.02	
Sales Tax		
4% on $305.03	12.20	
Excise Tax		
1% on $305.03	3.05	183.72
		321.49

Duty 45% Laid down cost 132½% 1931
40¢ lb
Duty 35% " " " 30% 1930

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Present Laid down cost

1931

Imports from Great Britain

Artificial silk curtains not lace

For payment

31-5-0 @ 4.08 — $127.50

For duty
31-5-0 @ 4.80-2/3-152.08
$152. : 30%-10 — 41.04

Sales Tax
4% on $193.04 — 7.72

Excise Tax
1% on $193.04 — 1.93

DUMPING DUTY
31-5-0 @ 4.40½- $137.50
31-5-0 @ 4.04½- $126.25 — 11.25 — 61.94

$189.44

Duty 30%-10 Laid down cost 48½% 1931
Duty 25%-10 " " " 23-2/3% 1930

1931

Imports from United States

Artificial Silk Curtains not lace

For payment — $127.50

Plus 25% exchange — 31.88

For duty 127.50
Plus 24% 30.60
158.10

$158. @ 50% — 79.00

1216 Oz. @ 7½ oz. — 85.12

Sales Tax
4% on $322.12 — 12.88

Excise Tax
1% on $322.12 — 3.22 — 216.10

$339.60

Duty 50%, 7½ oz. Laid down cost 160½% 1931
Duty 35% " " " 36½% 1930

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FORM NO 2 EXHIBIT NO. 124503

Present laid down cost

1931

Imports from Great Britain

Silk Curtains, not lace

For payment		
31-5-0 @ 4.03		$127.50
For duty		
31-5-0 @ 4.83-2/3-$152.08		
$152. @ 27½%-10	37.62	
Sales Tax		
4% on $189.62	7.58	
Excise Tax		
1% on $189.62	1.90	
DUMPING DUTY		
31-5-0 @ 4.40;-$137.50		
31-5-0 @ 4.04;-$126.25	11.25	58.25
		$185.85

Duty 27½%-10 Laid down cost 46% 1931

Duty 25%- 10 " " " 23⅝% 1930

1931

Imports from United States

Silk curtains not lace

For payment		$127.50
Plus 25% exchange	31.88	
For duty 127.50		
Plus 24% 30.60		
158.10		
$158. @ 45%	71.10	
1216 oz. @ 7¢ oz.	85.18	
Sales Tax		
4% on $314.22	12.57	
Excise Tax		
1% on $314.22	3.14	203.81
		$ 331.31

Duty 45% Laid down cost 160% 1931
7¢ oz.
Duty 33% " " " 36⅔% 1930

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FORM NO. 2 — EXHIBIT NO. 4

Present laid down cost

1931

Imports from Great Britain

Cotton curtains, not lace

For payment 31-5-0 @ 4.08		$127.50
For duty 31-5-0 @ 4.86-2/3:-$152.08		
$152. @ 25%-10	34.20	
76 lbs. @ 3¢ lb-10	2.05	
Sales Tax 4% on $188.25	7.53	
Excise Tax 1% on $188.25	1.88	
DUMPING DUTY 31-5-0 @ 4.40:- 137.50 31-5-0 @ 4.04:-125.25	11.25	56.91
		184.41

Duty 25%-10,3¢ lb-10 Laid down cost 45% 1931
Duty 20%-10 Laid do n cost 19% 1930

1931

Imports from United States

Cotton Curtains, not lace

For payment Plus 25% exchange	31.88	$127.50
For duty 127.50 Plus 24% 30.60		
158.10		
$158. @ 35%	55.30	
76 lbs @ 4¢ lb	3.04	
Sales Tax 4% on $216.34	8.65	
Excise Tax 1% on $216.34	2.16	101.05
		$ 228.55

Duty 35%, 4¢ lb. Laid down cost 70½% 1931
Duty 30% Laid down cost 51-1/3% 1930

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FORM NO. 2

L 24505
EXHIBIT NO. 8

Present laid down cost

1931

Imports from Great Britain

White cotton fabrics

For payment 22-5-8 @ 4.08		$90.91
For duty 22-5-8 @ 4.86-2/3;-$108.45		
$108. @ 20%-10	19.44	
198 lbs @ 3¢ lb-10	5.35	
Sales Tax 4% on $132.79	5.31	
Excise Tax 1% on $132.79	1.33	
DUMPING DUTY		
22-5-8 @ 4.40;- 98.05		
22-5-8 @ 4.04;- 90.02	8.03	39.46
		130.37

Duty 20%-10, 3¢ lb-10 Laid down cost 42½% 1931

Duty 15% Laid down cost 16% 1930

1931

Imports from United States

White cotton fabrics

For payment		$90.91
Plus 25% exchange	$22.73	
For duty 90.91		
Plus 24% 21.82		
112.73		
$113. @ 27½%	31.08	
198 lbs @ 4¢ lb	7.92	
Sales Tax 4% on $152.00	6.08	
Excise tax 1% on $152.00	1.52	69.33
		160.24

Duty 27½%,4¢ lb Laid down cost 76¼% 1931

Duty 25% Laid down cost 26¼% 1930

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FORM NO. 8 — EXHIBIT NO. 6

12450

Present laid down cost

1931

Imports from Great Britain

Printed or dyed cotton fabrics

For payment		
22-5-8 @ 4.08		$90.91
For duty		
22-5-8 @ 4.86-2/3;-108.45		
$108. @ 22½%-10	21.87	
198 lbs @ 3¢ lb -10	5.35	
Sales Tax		
4% on $135.22	5.41	
Excise Tax		
1% on $135.22	1.35	
DUMPING DUTY		
22-5-8 @ 4.40;- 98.05		
22-5-8 @ 4.04;- 90.02	8.05	42.01
		132.92

Duty 22½%-10, 3¢ lb-10 Laid down cost 46½% 1931
Duty 20% -10 " " " 19½% 1930

1931

Imports from United States

Printed or dyed cotton fabrics

For payment		$90.91
Plus 25% exchange	$22.73	
For duty $90.91		
Plus 24% 21.82		
112.73		
$113. @ 32½%	36.73	
198 lbs @ 4¢ lb	7.92	
Sales Tax		
4% on $157.65	6.31	
Excise Tax		
1% on $157.65	1.58	75.27
		$ 166.18

Duty 32½%,4¢ lb, Laid down cost 83% 1931
Duty 27½% " " " 28½% 1930

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FORM NO. 2

EXHIBIT NO. 7

1245 07

Present laid down cost.

1931

Imports from Great Britain

Knitted goods

For payment 24-10-2 @ 4.08		$100.00
For duty 24-10-2 @ 4.80-2/3:- $119.27		
$119. @ 22½-10	26.77	
Sales Tax 4% on $145.77	5.83	
Excise Tax 1% on $145.77	1.46	
DUMPING DUTY 24-10-2 @ 4.40:- 107.84 24-10-2 @ 4.04:- 99.01	8.83	42.89
		$142.89

Duty 22½-10 Laid down cost 45% 1931
" 20%-10 " " " 19% 1930

1931

Imports from United States

Knitted goods

For payment Plus 25% exchange	$25.00	$100.00
For duty 100.00 Plus 24% 24.00 124.00 @ 45%	55.80	
Sales Tax 4% on $179.80	7.19	
Excise Tax 1% on $179.80	1.80	89.79
		$189.79

Duty 45% Laid down cost 89½% 1931
" 35% " " " 36-1/3 1930

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CANADA

FORM NO. 2

124508

EXHIBIT NO 8

Present laid down cost

1931

Imports from Great Britain

WOOL DRESSES

For payment		
24-10-2 @ 4.08		$100.00
For duty		
24-10-2 @ 4.86-2/3:- $119.87		
$119. @ 30%-10	32.13	
10 lbs @ 25¢ lb -10	2.25	
Sales Tax		
4% on $153.38	6.14	
Excise Tax		
1% on $153.38	1.53	
DUMPING DUTY		
24-10-2 @ 4.40:- 107.84		
24-10-2 @ 4.04:- 99.01	8.83	50.98
		$ 150.98

Duty 30%-10, 25¢ lb-10 Laid down cost 51% 1931
Duty 27½%-10 " " " 26% 1930

1931

Imports from United States

WOOL DRESSES

For payment			$100.00
Plus 25% exchange		25.00	
For duty	100.00		
Plus 24%	24.00		
	124. @ 40%	49.60	
10 lbs @ 35¢ lb		3.50	
Sales Tax			
4% on $177.10		7.08	
Excise Tax			
1% on $177.10		1.77	86.95
			$186.95

Duty 40%, 35¢ lb Laid down cost 87% 1931
Duty 35% " " " 36-1/2% 1930

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CANADA

124509

FORM NO. 2

EXHIBIT NO 9

Present laid down cost

1931

Imports from Great Britain

WOOL SPATS

For payment		
345-3-4 @ 4.08		$1408.28
For duty		
345-3-4 @ 4.86-2/3;-$1679.82		
$1680 @ 30%-10	455.60	
428 lbs @ 25¢ lb -10	96.30	
Sales Tax		
4% on $2229.90	89.20	
Excise Tax		
1% on $2229.90	22.30	
DUMPING DUTY		
345-3-4 @ 4.40;-1518.75		
345-3-4 @ 4.04;-1394.47	124.26	735.66
		$2193.94

Duty 30%-10,25¢ lb -10 Laid down cost 56% 1931

Duty 27½%-10 " " " 26% 1930

1931

Imports from United States

WOOL SPATS

For payment		$1408.28
Plus 25% exchange		$352.07
For duty	1408.28	
Plus 24%	337.99	
	1746.27	
$1746 @ 40%		698.40
428 lbs. @ 35¢ lb		149.80
Sales Tax		
4% on $2594.20		103.77
Excise Tax		
1% on $2594.20		25.94 1329.98
		2738.26

Duty 40%, 35¢ lb Laid down cost 94½% 1931

Duty 35% " " " 36-1/3% 1930

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FORM NO. 2

EXHIBIT NO. 10

124510

Present laid down cost

1931

Imports from Great Britain

Wool & Cotton Blankets

For payment 17-15-5 @ 4.08		$72.50
For duty 17-15-5 @ 4.82-2/3;-$86.49		
$80. @ 22½%-10	17.41	
207 lbs @ 30¢ lb -10	37.26	
Sales Tax 4% on $140.67	5.63	
Excise Tax 1% on $140.67	1.41	
DUMPING DUTY 17-15-5 @ 4.40;- $76.19 17-15-5 @ 4.04;- $71.72	6.40	68.11
		140.61

Duty 22½%-10, 20¢ lb-10 Laid down cost 94% 1931

Duty 22½%-10 " " "21-1/3% 1930

1931

Imports from United States

Wool & Cotton Blankets

For payment			$72.50
Plus 25% exchange		18.13	
For duty	$72.50		
Plus 24%	17.40		
	89.90		
$90.00 @ 35%		31.50	
207 lbs @ 30¢ lb		62.10	
Sales Tax 4% on $185.60		7.34	
Excise Tax 1% on $185.60		1.84	120.91
			193.41

Duty 35%, 30¢ lb Laid down cost 167% 1931

Duty 35% " " " 36% 1930

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CANADA

FORM NO. 2 124511 EXHIBIT NO. 11

Present laid down cost

1931

Imports from Great Britain

Gloves and Mitts of all kinds for duty

For payment

191-18-3 @ 4.08 $765.00

For duty

191-18-3 @ 4.86-2/3- $933.97

$934. @ 25%-10 210.18

Sales Tax

4% on $1144.15 45.77

Excise Tax

1% on $1144.15 11.44

DUMPING DUTY

191-18-3 @ 3.40- 644.42
191-18-3 @ 4.04- 775.52 69.09 336.45

$ 1119.45

Duty 25%-10 Laid down cost 45% 1931

Duty 22½%-10 " " " 21½% 1930

1931

Imports from United States

Gloves and Mitts of all kinds for duty

For payment $765.00

Plus 25% exchange $195.75

For duty $765.00
Plus 24% ex. 187.92

970.92

$971. @ 45% 436.95

Sales Tax

4% on $1407.95 56.32

Excise Tax

1% on $1,407.95 14.08 703.10

1,496.10

Duty 45% laid down cost 90% 1931

Duty 35% " " " 36-1/3% 1930

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CANADA

FORM # 8

124512 EXHIBIT # 12

Present laid down cost

1931			1931		
Imports from Great Britain			**Imports from United States**		
Socks & Stockings of all kinds			**Socks & Stockings of all kinds**		
For payment			**For payment**		$279.45
69-9-10 @ 4.08		$279.45	Plus 25% exchange	69.86	
For duty			**For duty** 279.45		
69-9-10 @ 4.86-2/3:-$333.33			Plus 24% 67.07		
$333 @ 30%-10	$99.91		346.52		
148½ doz. @ 1.00 doz.-10	135.65		$347. @ 35%	121.45	
Sales Tax			148½ dz. @ 1.50 dz	222.75	
4% on $556.56	22.26		**Sales Tax**		
Excise Tax			4% on $691.20	27.65	
1% on $556.56	5.57		**Excise tax**		
DUMPING DUTY			1% on $691.20	6.91	443.62
69-9-10 @ 4.40½- 301.36					723.07
69-9-10 @ 4.04½- 278.71	24.65	276.04			
		$555.49			

Duty 30%-10, $1.00 doz-10 Laid down cost 99% 1931

Duty 25%-10 " " " 25½% 1930

Duty 35%, $1.50 doz. Laid down cost 161% 1931

Duty 35% " " " 36-1/3% 1930

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CANADA

FORM # 2

EXHIBIT #13

124515

Present laid down cost

1931

Imports from Great Britain

Socks & stockings of all kinds for duty

For payment 64-19-9 @ 4.08		$265.15
For duty 64-19-9 @ 4.86-2/3:- $316.29		
$316 @ 30%-10	95.32	
148½ doz @ 1.00 dz.-10	133.65	
Sales Tax 4% on $534.97	21.40	
Excise Tax 1% on $534.97	5.35	
LUMPING DUTY 64-19-9 @ 4.40:- 285.95		
64-19-9 @ 4.04:- 262.55	23.40	269.12
		$534.87

Duty 30%-10, $1.00 dz-10 Laid down cost 101½% 1931

Duty 25%-10 " " " 22½% 1930

1931

Imports from United States

Socks & Stockings of all kinds for duty

For payment		$265.15
Plus 25% exchange	$66.29	
For duty 265.15		
Plus 24% 63.64		
	329.79	
$329. @ 35%	115.15	
148½ doz. @ 1.50 doz	148.50	
Sales Tax 4% on $592.65	23.71	
Excise Tax 1% on $592.65	5.93	559.58
		$824.73

Duty 35%,$1.50 doz. laid down cost 136% 1931

Duty 35% " " " 36-1/3% 1930

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CANADA

FORM NO 2

EXHIBIT NO. 14

124514

Present laid down cost

1931

Imports from Great Britain

Plated articles and silver plated ware
Flasks, Lighters, Thimbles, Trays, Curlers, and compacts etc.

For payment 126-2-4 @ 4.08		$514.56
For duty 126-2-4 @ 4.86-2/3=$613.77 $614. @ 30%-10	165.78	
Sales Tax 4% on $770.78	31.19	
Excise Tax 1% on $779.78	7.80	
DUMPING DUTY 126-2-4 @ 4.40½- $554.91 126-2-4 @ 4.04½- $509.51	45.40	250.17
		$764.73

Duty 30%-10 Laid down cost 49% 1931
Duty 22½%-10 " " " 21½% 1930

1931

Imports from United States

Plated articles and silver plated ware
Flasks, Lighters, Thimbles, Trays, Curlers, and compacts, etc

For payment		$514.56
Plus 25% exchange	128.64	
For duty $514.56		
Plus 24%	123.49	
	638.05	
$638. @ 45%	287.10	
Sales Tax 4% on $925.10	37.00	
Excise Tax 1% on $925.10	9.25	461.99
		976.55

Duty 45% Laid down cost 90% 1931
Duty 35% " " " 36-1/3% 1930

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CANADA

FORM # 2

EXHIBIT # 15

L 245115

Present laid down cost

1931

Imports from Great Britain

Nickle plated articles
Percolators (Not fitted for heating)
Forks (Not steel)
Can openers
Egg Beaters
Auto Horns
Kettles
Kitchen utensils
Taps

For payment
24-10-2 @ 4.00 $100.00

For duty
24-10-2 @ 4.86-2/3:- $119.27

$119. @ 30%-10 $32.13

Sales Tax
4% on $151.13 6.05

Excise Tax
1% on $151.13 1.51

DUMPING DUTY
24-10-2 @ 4.40:- $107.84
24-10-2 @ 4.04:- $ 99.01 8.83 46.52
148.52

Duty 30% -10 Laid down cost 42½% 1931
Duty 22½%-10 " " " 21½% 1930

1931

Imports from U. S. A.

Nickle plated articles
Percolators (not fitted for heating)
Forks (Not steel)
Can openers
Egg Beaters
Auto Horns
Kettles
Kitchen Utensils
Taps

For payment $100.00
Plus 25% exchange 25.00

For duty 100.00
Plus 24% 24.00
124.00 @ 45% 55.80

Sales Tax
4% on $179.80 7.19

Excise tax
1% on $179.80 1.80 89.79
189.79

Duty 45% Laid down cost 90% 1931
Duty 35% " " " 36-1/3% 1930

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FORM NO 2

124518

EXHIBIT NO. 16

Present laid down cost

1931

Imports from Great Britain

Cutlery - plated, not steel

For payment 24-10-2 @ 4.08			$100.00
For duty 24-10-2 @ 4.80-2/3:-$119.27			
$119. @ 30%-10		32.13	
Sales Tax 4% on $151.13		6.05	
Excise Tax 1% on $151.13		1.51	
DUMPING DUTY 24-10-2 @ 4.40:- $107.84 24-10-2 @ 4.04:- $ 99.01		8.83	48.52
			148.52

Duty 30%-10 Laid down cost 42½% 1931

Duty 22½%-10 " " " 21-1/3% 1930

1931

Imports from United States

Cutlery - plated, not steel

For payment Plus 25% exchange		25.00	$100.00
For duty Plus 25%	100.00 24.00 124.00 @ 45%	55.80	
Sales Tax 4% on $179.80		7.19	
Excise Tax 1% on $179.80		1.80	89.79
			189.79

Duty 45% Laid down cost 90% 1931

Duty 35% " " " 36-2/3% 1930

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CANADA

FORM NO 2

EXHIBIT NO. 16

124518

Present laid down cost

1931

Imports from Great Britain

Cutlery - plated, not steel

For payment 24-10-2 @ 4.08		$100.00
For duty 24-10-2 @ 4.80-2/3=$110.87		
$110. @ 30%-10	33.13	
Sales Tax 4% on $151.13	6.05	
Excise Tax 1% on $151.13	1.51	
DUMPING DUTY 24-10-2 @ 4.40=- $107.84 24-10-2 @ 4.04=- $ 99.01	8.83	48.52
		148.52

Duty 30%-10 Laid down cost 48⅔% 1931

Duty 22½%-10 " " " 21-1/3% 1930

1931

Imports from United States

Cutlery - plated, not steel

For payment Plus 25% exchange		25.00	$100.00
For duty Plus 24%	100.00 24.00 124.00 @ 45%	55.80	
Sales Tax 4% on $179.80		7.19	
Excise Tax 1% on $179.80		1.80	89.79
			189.79

Duty 45% Laid down cost 90% 1931

Duty 35% " " " 36-1/3% 1930

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FORM NO 2 — 124517 — EXHIBIT NO 19

Present laid down cost

1931

Imports from Great Britain

Fancy Pins and buckles

For payment 74-7-5 @ 4.08		$303.43
For duty 74-7-5 @ 4.86-2/3;-361.94		
$362. @ 30%-10	97.74	
Sales Tax 4% on $459.74	18.39	
Excise Tax 1% on $459.74	4.60	
DUMPING DUTY 74-7-5 @ 4.40;- 327.25		
74-7-5 @ 4.04;- 300.46	26.77	147.50
		450.93

Duty 30%-10 Laid down cost 49% 1931
Duty 22½%-10 " " " 31½%1930

1931

Imports from United States

Fancy Pinns, & Buckles -classified as jewellery

For payment			$303.43
Plus 25% exchange		$75.86	
For duty	$303.43		
Plus 24%	72.82		
	376.25		
$376. @ 45%		169.20	
Sales Tax 4% on $545.20		21.81	
Excise Tax 1% on $545.20		5.45	272.32
			575.75

Duty 45% Laid down cost 90% 1931
Duty 35% " " " 56-2/3% 1930

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FORM NO 2 EXHIBIT NO. 18

1245118

Present laid down cost

1931

Imports from Great Britain

Boots and shoes

For payment 24-10-2 @ 4.08		$100.00
For duty 24-10-2 @ 4.86-2/3:- 119.87		
$119. @ 25%-10	26.78	
Sales Tax 2% on $145.78	2.92	
Excise Tax 1% on $145.78	1.46	
DUMPING DUTY 24-10-2 @ 4.40:-$107.84		
24-10-2 @ 4.04:-$ 99.01	8.83	39.99
		139.99

Duty 25%-10 Laid down cost 40% 1931

Duty 19½%-10 " " " 13-1/3% 1930

1931

Imports from United States

Boots & shoes

For payment			100.00
Plus 20% exchange		25.00	
For duty	100.00		
Plus 24%	24.00		
	124.00 @ 40%	49.60	
Sales Tax 2% on $173.60		3.47	
Excise Tax 1% on $173.60		1.74	79.81
			179.81

Duty 40% Laid down cost 80% 1931

Duty 30% " " " 30½% 1930

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FORM NO. 2

124519 EXHIBIT NO. 19

Present laid down cost

1931

Imports from Great Britain

Earthenware articles - Jars, Vases, Dishes, etc

For payment 24-10-2 @ 4.08		$100.00
For duty 24-10-2 @ 4.08-2/3;-119.27		
$119. @ 25%-10	26.78	
Sales Tax 4% on $145.78	5.83	
Excise Tax		
1% on $145.78	1.46	
DUMPING DUTY		
24-10-2 @ 4.40;- $107.84		
24-10-2 @ 4.04;- $ 99.01	8.83	42.90
		$ 142.90

Duty 25%-10 Laid down cost 43% 1931

Duty 20%-10 " " " 19% 1930

1931

Imports from United States

Earthenware articles - Jars, Vases, Dishes, etc

For payment			$100.00
Plus 25% exchange		25.00	
For duty	100.00		
Plus 24%	24.00		
	124.00 @ 35%	43.40	
Sales Tax 4% on $167.40		6.70	
Excise Tax 1% on $167.40		1.67	76.77
			176.77

Duty 35% Laid down cost 76⅔% 1931

Duty 30% " " 31-1/3% 1930

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FORM NO. 2

L 245 20

EXHIBIT NO. 20

Present laid down cost

Imports from Great Britain

Greeting cards

For payment £1-10-5 @ 4.08		$251.00
For duty £1-10-5 @ 4.86-2/3;-$299.40 $299. @ 4x 22½%-10	60.55	
Sales Tax 4% on $359.55	14.38	
Excise Tax 1% on $359.55	3.60	
DUMPING DUTY £1-10-5 @ 4.40;-270.69 £1-10-5 @ 4.04;-248.54	22.15	100.68
		$ 351.68

Duty 22½%-10 Laid down cost 40% 1931

Duty 15% " " " 16% 1930

Imports from U. S. A.

Greeting cards

For payment Exchange 25%		62.75	$251.00
For duty Plus 24%	251.00 60.24 311.24		
$311. @ 35%		108.85	
48-8/8 lbs @ 5¢ lb		2.43	
Sales Tax 4% on $422.28		16.89	
Excise Tax 1% on $422.28		4.22	195.14
			$446.14

Duty 35%, 5¢ lb Laid down cost 78% 1931

Duty 22½% " " " 25½% 1930

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FORM NO. 2

124521

EXHIBIT NO. 21

GOODS NOT MADE IN CANADA

Imports from Great Britain

Silk Handkerchiefs

For payment		
115-3-5 @ 4.02		$469.89
For duty		
115-3-5 @ 4.86-2/3;-60 .80		
$561. @ 27½%-10	$138.85	
Sales Tax		
4% on $699.85	27.99	
Excise Tax		
1% on $699.85	7.00	173.84
		$643.73

Duty 27½%-10 Laid down cost 37% 1931

Duty 25%-10 " " " 22½% 1930

Imports from U. S. A.

Silk Handkerchiefs

For payment			$469.89
Plus 25% exchange		117.47	
For duty	469.89		
Plus 24%	112.77	582.66	
$582. @ 45%		262.35	
297 oz. @ 7¢ oz		20.79	
Sales Tax			
4% on $865.14		34.65	
Excise Tax			
1% on $865.14		8.66	443.92
			913.81

Duty 45%, 7¢ oz Laid down cost 94½% 1931

Duty 35% " " " 36-1/3% 1930

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FORM NO. 2

EXHIBIT NO. 22

124522

GOODS NOT MADE IN CANADA

Imports from Great Britain

Lace Yokes

For payment		
120-3-4 @ 4.08		$527.00
For duty		
120-3-4 @ 4.36-2/3;-$523.62		
$523. @ 25%-10	141.32	
55 lbs @ 3¢ lb -10	1.48	
Sales Tax		
4% on $772.00	30.88	
Excise Tax		
1% on $772.00	7.72	181.60
		$ 708.60

Duty 25%-10, 3¢ lb-10 Laid down cost 34½% 1931

Duty 20%-10 " " " 19½% 1930

Imports from U. S. A.

Lace Yokes

For payment			$527.00
Plus 25% exchange		131.75	
For duty	527.00		
Plus 24%	126.48	653.48	
$653. @ 35%		228.55	
55 lbs @ 4¢ lb		2.20	
Sales Tax			
4% on $883.75		35.35	
Excise Tax			
1% on $883.75		8.84	406.69
			$ 933.69

Duty 35%, 4¢ lb Laid down cost 77% 1931

Duty 30% " " " 31% 1930

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FORM NO. 2

EXHIBIT NO. 25

124523

GOODS NOT MADE IN CANADA

Imports from Great Britain

Lace Curtains (Cotton)

For payment		
24-11-2 @ 4.03		$100.30
100 pr. @ 4/11 pr. pair		
For duty		
24-11-2 @ 4.03-2/3;-119.64		
$120 @ 25%-10	27.00	
50 lbs @ 3/ lb -10	1.35	
Sales Tax		
4% on $148.35	5.93	
Excise Tax		
1% on $148.35	1.48	35.76
		$136.06

Duty 25%-10, 3/ lb-10 Laid down cost 36% 1931

Duty 20%-10 " " " 19½% 1930

Imports from U. S. A.

Lace Curtains (Cotton)

For payment			$100.30
Plus 25% exchange		$25.08	
For duty	100.30		
Plus 24%	24.07		
	124.37		
$124. @ 35%		43.40	
50 lbs @ 4/ lb		2.00	
Sales Tax			
4% on $169.40		6.78	
Excise Tax			
1% on $169.40		1.69	78.95
			$179.25

Duty 35%, 4/ lb Laid down cost 79% 1931

Duty 30% " " " 31-1/3% 1930

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
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CANADA

124524

Importations from United States

showing comparisons 1930 versus 1931.

		EXHIBIT NO.
FORM 3.	Pure silk fabrics	1.
	Artificial silk fabric	2.
	Cotton and artificial silk fabric	3 - 4.
	Printed cotton fabric	5.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
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CANADA

FORM 3. 124525 No. 1.

Comparative laid down cost

ALL SILK FABRICS. PRINTED. FROM U.S.A.

prior to September 16, 1930

Silk Fabrics, printed

10 yds. @ .95¢ yd. - $ 9.50

per Duty

$ 9.50 @ 35% - $3.33

Sales Tax

1% on $12.83 - .13 3.46

$12.96 - 36½%

1930 Duty & Sales Tax 36%

Effective September 16th.1930

Silk Fabrics, printed

10 yds. @ .95@ yd. - $9.50

Plus Exchange 20% - $1.90

Per Duty

$ 9.50

Plus 20% 1.90 45% - 5.13

$11.40

10 yds. 10¢ yd. 1.00

Sales & Excise Taxes

5% on $17.53 .87 8.90

$18.40 -

93½¢

1931 Duty, Sales & Excise Taxes 93%

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

PAGE 3.

Exhibit No. 2.

124526

Comparative laid down cost

ALL ARTIFICIAL SILK FABRICS FROM U.S.A.

Prior to Sept. 16th 1930			Present Basis		
Art Silk Fabrics			Art Silk Fabrics		
10 yds. @ .57½¢ yd. -		5.75	10 yds. @ 57½¢ yd. -		5.75
			Plus 20% Exchange		1.15
For Duty			For Duty		
5.75 35%	2.01		5.75		
			1.15 plus 20%		
			6.90 45%		3.11
			1 7/8 lbs. 40¢ lb.		.75
Sales Tax			Sales & Excise Taxes		
1% on 7.76	.08	2.09	5% on 10.76	.54	5.55
		$ 7.84 - 36½%			$11.30 - 96½%

1930 Duty & Sales Tax 36 %

1931 Duty, Sales & Excise Taxes 96%

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
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CANADA

124527

FORM 3. Exhibit No. 3.

Comparative laid down cost -

COTTON & ART SILK PIECE FABRICS FROM UNITED STATES.

Prior to Sept. 16th 1930

Art Silk & Cotton Fabrics

10 yds. @ 15¢ 1.50

For Duty

1.50 .35% .52½

Sales Tax

1% on 2.02½ .02 .54½

$2.04½ - 36½%

1930 Duty & Sales Tax 36%

Present Basis

Art Silk & Cotton Fabrics

10 yds. @ .15¢ 1.50

Exchange 20% .30

For Duty

1.50

Exchange .30

1.80 45% .81

1 7/8 lbs. .40 lb. .75

Sales & Excise Taxes

5% on 3.36 .17 2.03

$ 3.53 -135½%

1931 Duty, Sales & Excise Taxes 135%

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

FORM 8. Exhibit No. 4.

124525

Comparative laid down cost -

ARTIFICIAL SILK DAMASK FROM UNITED STATES.

Prior to September 16, 1930		
For payment		
10 yds. art silk @ 40¢ yd.		$ 4.00
For Duty		
$4.00 @ 35%	1.40	
Sales Tax		
1% on $5.40	.05	1.45
		$ 5.45 - 36½%

1930 Duty & Sales Tax 36%

PRESENT BASIS		
For payment		
10 yds. art silk @ 40¢ yd.		$4.00
plus 20% Exchange		.80
For Duty	4.00	
Plus 20% Exchange	.80	
	4.80	
4.80 @ 45%	2.16	
4½ lbs. @ 40¢ lb.	1.90	
Sales & Excise Taxes		
5% on 8.86	.44	5.30
		$ 9.30 - 132½%

1931 Duty, Sales & Excise Taxes 132%

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FORM 3. 124529 Exhibit No. 5.

Comparative laid down cost -

ALL COTTON PRINTED PIECE GOODS FROM UNITED STATES.

Prior to Sept. 16th 1930

Printed Cotton Fabrics

10 yds. @ .11 yd. - 1.10

For Duty

1.10 @ 27½% .30

Sales Tax

1% on 1.40 .01½ .31½

$1.41½ - 28½%

1930 Duty & Sales Tax 28%

Present Basis

Printed Cotton Fabrics

10 yds. @ .11 yd. 1.10

plus exchange 20% .22

For Duty

1.10
plus exchange .22
1.32 32½% .43

2½ lbs. 4¢ lb. .10

Sales & Excise Taxes

5% on 1.85 .09 .84

$ 1.94 - 76½%

1931 Duty, Sales & Excise Taxes 76%

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PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L24530

Importations from Foreign Countries

showing comparative costs 1930 versus 1931.

FORM 4.		EXHIBIT NO.
	Silk fabric, from France	1.
	Woollen fabric, from France	2.
	Woollen fabric in the grey, from France	3.
	Silk fabric, from Switzerland	4.
	Woollen fabric, from Germany	5.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
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CANADA

124530

Exhibit No. 1.

FORM 4.

Comparative laid down cost

SILK FABRICS FROM FRANCE.

Prior to Sept. 15, 1930.

For payment

1 yd. @ 1.25 — 1.25

For Duty

1.25 @ 32½%-10 — .37

Sales Tax

1.62 @ 1% — .02 — .39

$ 1.64 - 31½%

1930 Duty & Sales Tax 31%

Present Basis

For payment

1 yd. @ 1.25 — 1.25

plus Exchange 18% — .23

For Duty

1.25
plus 18% .23 — 1.48

1.48 @ 40%-10 — .53

.10¢ yd. - 10 — .09

Sales Tax

2.10 @ 4% — .08

Excise Tax

2.10 @ 1% — .02 — .95

$ 2.20 - 76%

1931 Duty, Sales & Excise Taxes 76%

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PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124532

Exhibit No. 2.

FORM 4.

Comparative laid down cost

WOOLLEN FABRICS FROM FRANCE.

Prior to Sept. 16. 1930

For payment

1 yd. .96¢ yd. .96¢

For Duty

.96¢ @ 35%-15 .29

Sales Tax

1.25 @ 1% .01 .30

$ 1.26 - 31½%

1930 Duty & Sales Tax 31%

Present Basis

For payment

1 yd. .96¢ yd. .96¢

Exchange 18% .17

For Duty

.96
plus 18% .17 1.13

1.13 @ 35%-15 .34

4 oz. @ 30¢ lb.-15 .07

Sales Tax

1.54 @ 4% .06

Excise Tax

1.54 @ 1% .02 .66

$ 1.62 - 68½%

1931 Duty, Sales & Excise Taxes 68%

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FORM 4. 124533 Exhibit No. 3.

Comparative laid down cost

WOOL FABRICS IN THE GREY FROM FRANCE.

Prior to September 16, 1930.

Wool fabric in the grey

65 yds. @ 15½¢/ yd. $ 10.08

For Duty

$10.08 @ 17½%-15 1.50

Sales Tax

1% on 11.58 .12 1.62

$ 11.70 - 16%

1930 Duty & Sales Tax 16%

PRESENT BASIS

Wool fabric in the grey

65 yds. @ 15½¢ (4 oz.) $10.08

Exchange 20% 2.02

For Duty $ 10.08

plus 20% exchange 2.02

12.10

12.10 @ 25% - 15 2.58

16¼ lbs. @ 17½ lb.-15 2.41

Sales & Excise Taxes

5% on 17.09 .85 7.86

$17.94 - 78%

1931 Duty, Sales & Excise Taxes 78%

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CANADA

FORM 4. 124534 Exhibit No. 4.

Comparative laid down cost

SILK FABRIC FROM SWITZERLAND.

Prior to Sept. 16, 1930		
For payment		
1 yd. @ 1.35 yd.		1.35
For Duty		
1.35 @ 32½%-10	.39	
Sales Tax		
1.74 @ 1%	.02	.41
		$ 1.76 - 30-1/3%

1930 Duty & Sales Tax 30%

PRESENT BASIS		
For payment		
1 yd. @ 1.35 yd.		1.35
Exchange 18%		.24
For Duty		
Plus 18%	1.35 .24	1.59
1.59 @ 40% - 10		.58
.10¢ yd. - 10		.09
Sales Tax		
2.26 @ 4%		.09
Excise Tax		
2.26 @ 1%	.02	1.02
		$ 2.37 - 75½%

1931 Duty, Sales & Excise Taxes 75%

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CANADA

FORM 4. 124535 Exhibit No. 5.

Comparative laid down cost

WOOLLEN FABRIC FROM GERMANY.

Prior to Sept. 16, 1930

For payment

1 yd. @ .96 .96¢

For Duty

.96¢ @ 35% .34

Sales Tax

1.30 @ 1% .01 .35

$ 1.31 - 36⅓%

1930 Duty & Sales Tax 36%

Present Basis

For payment

1 yd. @ .96¢ .96¢

Exchange 18% .17

For Duty

.96
Plus 18% .17 1.13

1.13 @ 40% .45

4 oz. @ 35¢ lb. .09

Sales Tax

1.67 @ 4% .07

Excise Tax

1.67 @ 1% .02 .80

$ 1.76 - 83-1/3%

1931 Duty, Sales & Excise Taxes 83%

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CANADA

L 24536

Importations from Foreign Countries

showing comparative costs 1930 versus 1931.

FORM 4.		EXHIBIT NO.
	Silk fabric, from France	1.
	Woollen fabric, from France	2.
	Woollen fabric in the grey, from France	3.
	Silk fabric, from Switzerland	4.
	Woollen fabric, from Germany	5.

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FORM 4. 124537 No. 1.

Comparative laid down cost

SILK FABRICS FROM FRANCE.

Prior to Sept. 16, 1930.

For payment

1 yd. @ 1.25 — 1.25

For Duty

1.25 @ 32½%-10 — .37

Sales Tax

1.62 @ 1% — .02 — .39

$ 1.64 - 31½%

1930 Duty & Sales Tax 31%

Present Basis

For payment

1 yd. @ 1.25 — 1.25

plus Exchange 18% — .23

For Duty

1.25 plus 18% .23 = 1.48

1.48 @ 40%-10 — .53

.10¢ yd. - 10 — .09

Sales Tax

2.10 @ 4% — .08

Excise Tax

2.10 @ 1% — .02 — .95

$ 2.20 - 76%

1931 Duty, Sales & Excise Taxes 76%

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CANADA

FORM 4.

Exhibit No. 2.

124538

Comparative laid down cost

WOOLLEN FABRICS FROM FRANCE.

Prior to Sept. 16. 1930

For payment

1 yd. .96¢ yd. .96¢

For Duty

.96¢ @ 35%-15 .29

Sales Tax

1.25 @ 1% .01 .30

$ 1.26 - 31¼%

1930 Duty & Sales Tax 31%

Present Basis

For payment

1 yd. .96¢ yd. .96¢

Exchange 18% .17

For Duty

.96
plus 18% .17 1.13

1.13 @ 35%-15 .34

4 oz. @ 30¢ lb.-15 .07

Sales Tax

1.54 @ 4% .06

Excise Tax

1.54 @ 1% .02 .66

$ 1.62 - 68¾%

1931 Duty, Sales & Excise Taxes 68%

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PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

FORM 4. Exhibit No. 3.

L 24539

Comparative laid down cost

WOOL FABRICIIN THE GREY FROM FRANCE.

Prior to September 16, 1930.

Wool fabric in the grey

65 yds. @ 15½¢ yd. $ 10.08

For Duty

$10.08 @ 17½%-15 1.50

Sales Tax

1% on 11.58 .12 1.62

$ 11.70 - 16%

1930 Duty & Sales Tax 16%

PRESENT BASIS

Wool fabric in the grey

65 yds. @ 15½¢ (4 oz.) $10.08

Exchange 20% 2.02

For Duty $ 10.08

plus 20% exchange 2.02

12.10

12.10 @ 25% - 15 2.58

16½ lbs. @ 17½ lb.-15 2.41

Sales & Excise Taxes

5% on 17.09 .85 7.86

$17.94 - 78%

1931 Duty, Sales & Excise Taxes 78%

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CANADA

FORM 4.

Exhibit No. 4.

124540

Comparative laid down cost

SILK FABRIC FROM SWITZERLAND.

Prior to Sept. 16, 1930

For payment

1 yd. @ 1.35 yd. 1.35

For Duty

1.35 @ 32½%-10 .39

Sales Tax

1.74 @ 1% .02 .41

$ 1.76 - 30-1/3%

1930 Duty & Sales Tax 30%

PRESENT BASIS

For payment

1 yd. @ 1.35 yd. 1.35

Exchange 18% .24

For Duty

1.35
Plus 18% .24 1.59

1.59 @ 40% - 10 .58

.10¢ yd. - 10 .09

Sales Tax

2.26 @ 4% .09

Excise Tax

2.26 @ 1% .02 1.02

$ 2.37 - 75½%

1931 Duty, Sales & Excise Taxes 75%

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FORM 4.

Exhibit No. 5.
124541

Comparative laid down cost

WOOLLEN FABRIC FROM GERMANY.

Prior to Sept. 16. 1930

For payment

1 yd. @ .96 .96¢

For Duty

.96¢ @ 35% .34

Sales Tax

1.30 @ 1% .01 .35

$ 1.31 - 36⅓%

1930 Duty & Sales Tax 36%

Present Basis

For payment

1 yd. @ .96¢ .96¢

Exchange 18% .17

For Duty

.96
Plus 18% .17 1.13

1.13 @ 40% .45

4 oz. @ 35¢ lb. .09

Sales Tax

1.67 @ 4% .07

Excise Tax

1.67 @ 1% .02 .80

$ 1.76 - 83-1/3%

1931 Duty, Sales & Excise Taxes 83%

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L 24542

43

Ottawa, February 12th, 1932.

Dear Mr. Chipman:-

I have your letter of the 4th instant. It seems like a voice from long ago, but nevertheless it is a real joy to hear from you.

Referring particularly to the second section of your letter, I have quite definite views on this subject. The opportunity will not come for some time yet to discuss the subject with my colleagues. All I can say at the present time is that there is a very great deal to be said on the side you have taken.

From my personal standpoint I have much misgiving as to the advisability of re-entering public life at present. In the universal depression which prevails, the difficulty of meeting, even partially, public demands becomes vastly greater. Disappointment is certain, but one can only do his best.

I sincerely thank you for your very generous words.

Yours truly,

George F. Chipman, Esq.,
Manager, The Country Guide,
Winnipeg, Manitoba.

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CANADA

GEORGE F. CHIPMAN
EDITOR AND MANAGER

The COUNTRY GUIDE

"Canada's Rural Magazine"

543

ASSOCIATE EDITORS
R. D. COLQUETTE
P. M. ABEL
AMY J. ROE

WINNIPEG, MAN.

February 4, 1932.

Hon.Arthur Meighen,
House of Senate,
Ottawa, Canada.

PRIVATE AND PERSONAL

Dear Meighen;-

May I offer my congratulations to you upon your reappearance in public life. The delay in your return, I have always regarded as due to reluctance on your own part rather than on the part of your party supporters. Whether or not I am right in this surmise, I know that there have been a number of your party admirers in this part of the country who have been waiting for the return of Achilles.

Might I suggest that the importers of all kinds here in Winnipeg, regardless of party, are highly indignant over the order-in-council system of tariff making which keeps them in constant uncertainty and danger. They are trying to build up an organization, but the Conservatives among the importers are anxious not to embarrass the government, even though they are greatly annoyed by tariff uncertainty which is costing them a lot of money and making it impossible for them to lay any definite plans. You will realize that with conditions as they are and practically all business lines suffering that an up and down jumping tariff is a pretty serious matter. They feel that any kind of a tariff, either high, low or exclusive, so long as it be stable and dependable is better than one that can be changed at any time at the whim of an individual. I just pass this on to you for what it may be worth.

Now that you are back in the circle my knowledge and my admiration of your ability, even though I have not agreed with you on many questions leads me to look for you to assume a steadily increasing influence in the shaping of Canada's fiscal policies and it will cause me no surprise if within a period of eighteen months your influence on national policies may be quite as great as ever in the days gone by. This old world is sicker than it has ever been and it is an economic sickness in which trade exclusion plays a tremendously important part. The only hope I can see for world recovery is a return to sanity in matters of war debts and reparations, armaments and fiscal policy.

I am hoping to visit Ottawa some time while the House is in session and if permitted will do myself the pleasure of calling upon you.

Sincerely yours,

GFC/IMT.

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Form 6128, replacing Form 1-TW

CLASS OF SERVICE	SYMBOL
Day Message	
Day Letter	D L
Night Message	N M
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

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CANADA

124545

1128

Ottawa, February 18th, 1932.

Dear Mr. Macleod:-

I received in due course your letter of the 3rd instant with memorandum, and have since received a telegram on the same subject.

The question upon which you write has been before the Government for review already, and I can assure you that an appreciation of the position of the Sheep Breeders was very plainly in evidence. You may rest assured their Petition will be very carefully considered.

Yours truly,

N. T. Macleod, Esq.,
Secretary-Treasurer,
Southern Alberta Sheep Breeders Ltd.,
1221 Second Avenue South,
Lethbridge, Alberta.

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CANADA

43

CHATEAU LAURIER
CANADIAN NATIONAL RAILWAYS
OTTAWA, CANADA

1 24546

Sunday 4/
Feb 9/32

The Honorable Arthur Meighen
Ottawa.

Honorable Sir:

May I express my sincere appreciation for your courtesy and consideration during our conversation this morning. As promised I am pleased to provide you, with a copy of the same material I left with you this morning which illustrates - in practice the application of the present duties. Ad valorem, Specific, Sales Tax - and Dumping taken from our current experience, which I trust the Honorable Prime Minister will accept as simply a desire to

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provide useful and helpful tools for the Government.

I realize something of Canada's major problems, and assure you it will be a privilege and pleasure to be of any possible service at anytime.

Respectfully yours.

D. H. Gibson
of Toronto.

124547

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CANADA

124548

43

Ottawa, March 10th, 1922.

Dear Mr. Walton;-

I thank you for your letter of the 5th instant. I quite understand the representations you have made and have studied carefully the arguments in their behalf. I will keep these facts before me when the matter comes before the government.

Yours truly,

Arthur Meighen.

W.R. Walton, Esq.,
President, Canada Label & Webbing Co.,
Morrow Ave.,
Toronto 2, Ont.

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W. R. WALTON,
President.

D. L. SMITH,
Secy-Treas.

L 2 4 5 4 9

WOVEN LABELS.
CLOTHING AND UNDERWEAR LABELS, NECKWEAR AND HAT LABELS. INDIVIDUAL NAMES. SHOE TOP FACINGS. ETC. ETC.

CANADA LABEL & WEBBING CO.
LIMITED.

MANUFACTURERS OF

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WEBBINGS.
NON-ELASTIC AND SHOE WEBBINGS. WAIST AND SKIRT BELTING. INSULATING TAPE. STAY BINDINGS. ETC. ETC.

MORROW AVE

TORONTO 3, March 5th, 1932.

Ottawa

Right Hon. Arthur Meighen,
National Building,
Bay Street,
Toronto.

Dear Mr. Meighen:

In accordance with our conversation this evening, I am sending you a copy of the memo submitted to the Hon.E.N.Rhodes, by Mr. Douglas Hallam, Secretary of the Silk Association, on behalf of the manufacturers of narrow fabrics.

The trouble is that what is a finished product for one is raw material for another. Our industry was permitted to import yarn until 1930 with a duty of 15% from U.S.A. with a preferential duty from England of 7½%, and the manufacturers of yarn in this country met the foreign price plus the duty.

Our tapes then had a protection of 20% British preference 25% Intermediate and 30% General.

In 1930 the duty on two ply yarn which we use was made 15% British Pref. plus a specific of 3¢ a pound; 20% Intermediate, with a specific of 3½¢; and 25% General with a specific of 4¢ a pound; and our tapes were given the preference of 25%.B.P., 30% Intermediate and 35% General.

We are not adverse to the protection given the yarn mills, but we should get a corresponding protection for our manufactures. Under the present conditions, however, we are suffering a real hardship.

Take for instance a tape coming in under classification 542A -- say a 1 inch tape used in the electrical trade. The yarn at Canadian prices costs 40¢ and the labor and overhead 40¢ making a cost of 80¢. The yarn for this in England would cost 31¢. We do not know how much less their labor cost may be, but they sell this tape, figuring the pound at $4.40 (the rate specified for duty purposes) at 50½¢ in England, on which the importer would pay duty and excise of 12¢, only 3¢ more than the difference in the price of yarn. It is needless to say we cannot

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W. R. WALTON,
President.

D. L. SMITH,
Secy-Treas.

124550

Woven Labels.
CLOTHING AND UNDERWEAR LABELS, NECKWEAR AND HAT LABELS. INDIVIDUAL NAMES. SHOE TOP FACINGS. ETC. ETC.

CANADA LABEL & WEBBING CO.
LIMITED.

MANUFACTURERS OF

NARROW WOVEN FABRICS

Webbings.
NON-ELASTIC AND SHOE WEBBINGS. WAIST AND SKIRT BELTING. INSULATING TAPE. STAY BINDINGS. ETC. ETC.

MORROW AVE

TORONTO 3,

compete, and there are tens of thousands of gross of this class of tape imported every year.

Mr. John T. Hacket M.P. has been working on this matter for some time, from whom you could get further information.

I should appreciate it very much if you would do what you can to have this injustice to this industry righted.

Yours truly,

W. R. Walton

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C O P Y

THE SILK ASSOCIATION OF CANADA
350 Bay Street
Toronto

SECRETARY
DOUGLAS HALLAM
Rooms 503-504
Atlas Building
Toronto

February 11th, 1932.

Hon. E. N. Rhodes,
Minister of Finance,
Ottawa, Canada.

Narrow fabrics, braids, ribbons, laces, labels, etc., items.
Nos. 562, 562A, 565, 569D, 542A, 554D, 574, 574A, 574B and 628.

Dear Sir:

These items should protect twelve industries with a capital investment of $2,500,000 and a pay roll of over $600,000.00. The duty rates on the raw materials used by these industries were increased in the last budgets and the duty rates on the finished products were not adjusted. There is a situation created which should be remedied in the coming budget.

While ten items are involved, the suggestion made would consolidate these into six items.

We would be obliged if you could grant at an early date an interview with the manufacturer who was appointed by these mills to look after their interests, so that he can explain the urgent need of action at this session.

Yours faithfully,

Secretary.

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C O P Y

124552

February 11th, 1932.

NARROW FABRICS, BRAIDS, RIBBONS, LACES, LABELS, CARDS, ETC.

	Present Item		Proposed Item
562	Woven fabrics not exceeding twelve inches in width generally known as "ribbons," whether with cut pile or not, wholly or in part of silk but not containing wool . . B.P. .....22½% Int. .....32½% Gen. 35%	562	Braids, flat, square or round, with or without core; tapes, non-elastics, ribbons, labels, cords, tassels, fringes, chenilles, boot, shoe, shirt and stay laces, n.o.p. B.P. 30% & per gross yards, 40¢ Treaty 45% & per gross yards, 40¢ Gen. 45% & per gross yards, 40¢

This suggested item is a consolidation of items 562, 562A, 562D and part of 565. Particulars of reasons for change is contained in brief of Canadian manufacturers of narrow fabrics and braid, December 3rd, 1930.

562A	Woven fabrics not exceeding twelve inches in width, generally known as "ribbons", whether with cut pile or not, wholly or in part of artificial silk or similar synthetic fibres produced by chemical processes, but not containing silk nor wool . . . . . . B.P. .....22½% Int. .....32½% Gen. 35%		Cancel Imports would come under new item 562.
565	Embroideries, lace, braids, cords, chenille, gimp, fringes and tassels, whether containing tinsel or not, nets, nettings and bobinet, n.o.p. B.P. ..... 25% Int. ..... 32½% Gen. 35%	565	Embroideries, lace nets, nettings and bobinet, n.o.p. No information as to rates required. Excluded imports would come under new 562.

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	Present Item		Proposed Item
569D	Woven fabrics, not exceeding three inches in width, in length of not less than eighteen yards, of a class or kind not made in Canada, generally known as "single, double or four shot corded ribbon", imported by manufacturers for use exclusively in their own factories in making the bands on hats or in binding the edge of the hat brim . . . . . B.P. ..... Free Int. ..... Free Gen. ..... Free		Cancel Goods formerly entering under this item would come under 562. See this item re brief on subject.

Mr. MacDougall, Belding-Corticelli Ltd., is also interested in the following changes, but did not put their requests through the Silk Association.

542A	Woven or braided fabrics not exceeding twelve inches in width, wholly or in part of vegetable fibres, n.o.p., not to contain silk, artificial silk nor wool . . B.P. ..... 25% Int. ..... 27½% Gen. 35%	542A	Cotton braids, square, flat and round, with or without core, cotton tapes, labels, boot, shoe, shirt and stay laces, cords, tassels, fringes, and chenilles, when wholly of cotton. B.P. 30% & per gross yds..15¢ Int. 40% & per gross yds..15¢ Gen. 40% & per gross yds..15¢

This suggested item is a consolidation in part of items 542A and 574. Particulars of reasons for change is contained in brief of Canadian manufacturers of narrow fabrics and braids, December 3rd, 1930.

554D	Woven or braided fabrics not exceeding twelve inches in width, whether with cut pile or not, wholly or in part of wool, the hair of the camel, alpaca, goat or other like animal . . . . B.P. ..... 27½% Int. ..... 35% Gen. 35%	Cancel Goods previously entering under this item would enter under 562.

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	Present Item		Proposed Item
574	Woven fabrics, non-elastic not exceeding three inches in width, imported by manufacturers of suspenders garters and hose supporters for use exclusively in the manufacture of such articles in their own factories . . . B.P. ..... 10% Int. ..... 17½% Gen. 20%		Cancel (Enter under new 542A)
574A	Webbing, with strands of rubber interwoven, or braided therein, not exceeding twelve inches in width, n.o.p., round elastic braid. . . . . B.P. ..... 20% Int. ..... 32½% Gen. 35%	574A	Webbing with strands of rubber interwoven or braided therein, not exceeding five inches in width, round elastic braid . . . . . B.P. 20% and per yard ...1/4¢ Int. 35% and per yard ...1/2¢ Gen. 35% and per yard ...1/2¢
574B	Webbing with strands of rubber interwoven or braided therein, exceeding one inch but not exceeding twelve inches in width, imported by manufacturers for use exclusively in their own factories . . B.P. .....12½% Int. ..... 20% Gen. 25%	574B	Webbing, with strands of rubber interwoven or braided therein, exceeding five inches in width . . . . . B.P. 15% and per yard ...3¢ Int. 30% and per yard ...4¢ Gen. 30% and per yard ...5¢
	Explanation for reason for these items given in brief manufacturers of narrow fabrics and braids.		
628	Braces or suspenders, and finished parts thereof . . B.P. ..... 22½% Int. ..... 30% Gen. 35%	628	Suspenders, garters, arm bands and hose supporters, ... B.P. 22½% & per doz. pairs 25¢ Int. 30% & per doz pairs 35¢ Gen. 35% & per doz. pairs 50¢

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Ottawa, March 15th, 1932.

Dear Mr. Ferguson;-

Many thanks for your letter of the 10th instant and the document which you enclose with respect to Excise and Customs duties.

I have read both very carefully and with interest.

Yours truly,

Arthur Meighen.

R.T. Ferguson, Esq.,
c/o Hiram Walkers & Sons, Ltd.,
Montreal, Que.

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124556

By Appointment
To His Majesty King George V

Hiram Walker & Sons, Limited,

Distillers and Bottlers in Bond,
Walkerville, Ontario, Canada.

ESTABLISHED 1858
"Canadian Club"
WHISKY.

By Appointment
To Her Majesty Queen Victoria
1898 - 1901

By Appointment
to His Majesty King Edward VII
1901 - 1910

LONDON - 27 COCKSPUR ST., S.W. 1.
~~MONTREAL - 1230 PHILLIPS SQUARE~~
MONTREAL - 1448 PEEL STREET

By Appointment
to His Majesty The King of Spain

By Appointment
to His Majesty The King of Sweden

CABLE ADDRESS, "WALKER, WALKERVILLE"
CODES USED - { WESTERN UNION, A.B.C., 5TH ED. & 6TH ED.
A.I., LIEBER'S, IMPROVED AND
BENTLEY'S COMPLETE PHRASE CODE.

Montreal, Que. March 10, 1932.

The Right Honourable Arthur Meighen, K.C., M.P.,
The Senate of Canada,
Ottawa, Canada.

Dear Mr. Meighen,-

With reference to the interview I had with you recently, and for which I wish to express my gratitude, I am enclosing, herewith, a document which has been prepared on behalf of Hiram Walker & Sons, Limited, and Gooderham & Worts, Limited, dealing with the position of the Distilling Industry in Canada, and particularly with the effect of the present Excise and Customs Duties on the sales of alcoholic liquors in Canada.

You may be interested in a statement by Sir Henry Drayton, Chairman of the Ontario Liquor Commission, issued in a report the other day, as follows: "In the opinion of your Board, further taxation imposts will merely defeat their own objects by tending to create the bootlegging industry".

In the Quebec Liquor Commission's report for 1928-9, Mr. Cordeau, the Chairman, made the following statement; "My personal opinion is that the present Excise duty is very much too high and so long as it remains at $9.00 per proof gallon, and

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bootleggers are offering alcohol at $4.50 per gallon, you can realize that it is impossible for legitimate business to compete and correspondingly impossible to stop the flow of illicit alcohol".

In bringing the statement of these two gentlemen before you, I have in mind the fact that owing to the forthcoming Imperial Conference, there may be some difficulty in dealing with the matter of Customs Duty, but the Government may incline to the view that not only for the purpose of giving Canadian distillers a measure of relief to which they are entitled, but also for the purposes of protecting the revenues of the country from the effects of the illicit manufacture and sale of alchhol, and for enabling the present inordinately high prices of legitimately manufactured goods to be reduced, which would undoubtedly widen the scope of taxation, some appreciable reduction in the present rate of Excise should be made in the Budget.

I am,

Yours faithfully,

R. A. Ferguson.

RTF:A.

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SUBMISSION BY

Messrs. HIRAM WALKER & SONS, L i m i t e d,

and

Messrs. GOODERHAM & WORTS, L i m i t e d ,

to the

GOVERNMENT OF CANADA

relative to the Distilling Industry

in

CANADA.

..

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Submission by Messrs. Hiram Walker & Sons, Limited and Messrs. Gooderham & Worts, Ltd., to the Government of Canada, relative to the Distilling Industry in Canada.

The purpose of this submission is to direct the attention of the Government of Canada to the condition of the distilling industry in Canada, to the circumstances of taxation under which it operates, and to the necessity of remedial action on the part of the Government, and is in pursuance of a conference held recently with the Right Honourable the Prime Minister and the Honourable the Minister of Finance.

The licensed distilling industry is one of the oldest in Canada, its history going back well beyond Confederation. Gooderham & Worts Limited were first licensed in 1832 and Hiram Walker & Sons Limited, in 1858. Both of these companies since their inception, have been large contributors to the revenues, as well as to the industrial life, of Canada, and it can be quite properly asserted that they have always been conducted, not only with due regard to the responsibilities imposed upon them by law, but also in accordance with the highest standards of personal integrity and commercial enterprise.

In the early days of the industry there were little or no imported spirits to be had and the numerous small distilleries throughout the country supplied the requirements of their respective localities. With the development of transportation and the inflow of immigration, spirits of foreign origin began to come in, but until comparatively recent times the industry which had grown up in this country was able to maintain its position of superiority in the home market. Prior to the Great War much more than half of the spirits consumed in Canada was manufactured here, and this in spite of strong competition from abroad, where other distillers having acquired an impregnable position in their own domestic markets were looking to new countries to absorb their surplus manufacture and build up what has become one of the largest exporting businesses in the world. The Canadian distillers were helped in their fight against this competition by a preference which consisted of a spread of 26.5% between the duty of Excise and the duty of Customs. During the War the Canadian distillers devoted their plants and energies to the performance of national work and had, before the War Measure prohibiting manufacture of alcoholic beverages was

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passed, suspended operations in this branch of their business. About the same time there went into effect throughout the Provinces of Canada prohibition of the use of alcoholic beverages, which lasted for a number of years. The duty of Excise at this time was $2.40 per proof gallon and of Customs, $3.50. There was in 1919 added to these a luxury tax of $2.00 per proof gallon making the respective rates $4.40 and $5. Later in 1921 at a time when there was some justification for thinking that the manufacture of spirits for beverage purposes would never again be on a large scale, and no doubt because of the urgent need for revenue, these rates were doubled but instead of Excise being made $8.80 per proof gallon, it was placed in round figures at $9. (Nine dollars) the Customs duty being $10. (Ten dollars), thus making a spread of only 11¢ between the two. Since then Prohibition has become a thing of the past. With the exception of Prince Edward Island all the Provinces of Canada have adopted systems permitting the purchase of spirits for drinking purposes, and the consumption has grown from what are negligible figures during the Prohibition era to 3,036,755 proof gallons in 1929 and 1930. Canadian distillers did not participate in this development to the extent which their former position in the domestic market entitled them. Having suspended manufacture their market was, during the prohibition period, taken by the importer of spirits, and when consumption began to grow the 11¢ spread between the duties of Excise and Customs was not enough to stop the upward trend of importation. On the latest figures available not more than 26¢ of the total spirits consumed in Canada are of Canadian origin.

In considering this figure of 26¢ and comparing it with the figure of 36¢ which represents the volume of Canadian spirits consumed in Canada just prior to the Great War, it should be observed that in 1913 the Canadian distilleries produced practically only one type of spirit , namely, rye whisky, whereas today they produce in addition to rye whisky, gin and Scotch type whisky, and it is a proper inference that it is only the enterprise of the present day distillers which prevents the figure of 26¢ from being much lower. Further this figure of 26¢ only represents volume of

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business in gallons. In order to hold the market Canadian distillers have been compelled to sell at a much smaller margin of profit than have their foreign competitors, so that it would be inaccurate to assume that of the profits which the Canadian market affords those who supply it with spirits the domestic manufacturers received as much as even 25%.

As is well-known, however, the post-War period was one of great expansion in the Canadian distilling industry. As a result of prohibitive legislation in another country there developed a very extensive and profitable export business. This business was at first embarked on in a spirit of caution, but as time went on and it began to acquire a stable nature distillery executives felt that not only were they justified in entering into the manufacture of the particular types of spirits which the export market demanded and which differed distinctly from the type which hitherto had been manufactured for Canadian requirements, but that as business men there was an obligation on them to do so. One of the great difficulties under which distilleries are operated and which distinguishes this industry from practically all others is that in entering on manufacturing programmes provision must be made not for an immediate market but for a market two, three, four and more years ahead. This is on account of the necessity for maturing spirits, and there is no way of avoiding it. Naturally everything that could be done to get assurance that this export business would not be interfered with was done, and although there was before Parliament certain recommendations of a Royal Commission, the debate on these disclosed that the Government had no intention of interfering and this attitude was subsequently re-affirmed in the House of Commons by the responsible minister in charge of this export business. There was therefore ample justification for proceeding with the manufacture of the special type of spirits desired by this export market and for a number of years a most extensive and profitable business was done. This reference to export business is made, for the purpose of emphasising that the past prosperity which the distilling industry enjoyed did not arise from the business done in the domestic market, but from business done through exportation, and that it was this

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foreign business and that alone which enabled the industry to carry on. From time to time, in recent years, the distilling industry in Canada has appealed to the Government of Canada for assistance by way of tariff in re-capturing the position it once held in the Canadian market, but now with the export business very seriously crippled, and no longer one from which any considerable profit can be derived, the position has become acute.

At the present time there are approximately 45,000,000 gallons of whisky in distillery warehouses throughout Canada, and it is obvious that after making due allowance for spirits of a type for which there is little demand in Canada and which were made for exportation, there are ample supplies in hand to take care of domestic consumption, no question can, therefore, arise as to the ability of Canadian distilleries to cope with any demand as to quantity, while as to quality of product it is a safe assertion that nowhere in the world are products, in their respective types, more carefully or more purely made.

It is a matter of some difficulty to give accurately the ratio which the consumption in Canada of domestic-made spirits bears to that of imported spirits, but some useful and illuminating information is provided by the Bureau of Statistics in a memorandum issued by the Department of Trade and Commerce on the subject of "Control and Sale of Liquor in Canada". In a former submission to the Government of Canada the figures of 1929 were quoted and they showed that the total apparent consumption of spirits in Canada for that year was 3,130,119 gallons. In the same year there were imported into Canada 2,604,769 gallons of which 245,185 gallons were re-exported, so that of the total consumption 2,359,584 gallons were of foreign origin while the balance, 770,800 gallons, was of domestic manufacture. In percentage this works out that Canadian distilleries supplied 24.6% of the spirits consumed in Canada. Since that submission was made to the Government the statistics for 1930 have become available, and these show that in that year there was an apparent consumption in Canada of 3,036,755 gallons of spirits. In the same year 2,446,800 gallons were imported, of which 174,482 gallons were re-exported, leaving a net amount of 2,272,317 gallons of

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imported spirits and of 764,438 gallons of domestic spirits consumed in Canada. This on a percentage basis means that in 1930 Canadian distilleries supplied 25.2% of the total spirits consumed here. Taking the two years for which figures have been given the average is somewhat less than 25%.

It is considered beyond argument that this position is one which should not be allowed to continue.

The chief cause of the smallness of sales in Canada of Canadian-made spirits is that foreign spirits can be sold here on terms which are unfair to the domestic product. It has already been shown how the foreign article by prohibition legislation and war measures increased their hold on the Canadian market, and this, because of several factors, they have been able to maintain and strengthen. In discussing these factors it should perhaps be pointed out that regarding all spirits sold in Canada, or imported, the price is inordinately high. With a great section of the public there is because of the high price, a rigid system of prohibition in force, although many of these people have voted against prohibition and are opposed to it. With another and very considerable section only of those alcoholic stimulants which are sold at the lowest prices can purchases be made. The purchasers may have their individual preferences for certain types of spirits but they are not able to indulge them and have perforce to buy the cheapest or go without. Then there is the other section of the public which is able and willing to buy exactly what it desires at prevailing prices, and with these it is suggested that if they desire imported spirits they should be faced with the necessity of paying a high price. In the present state of affairs it is perhaps inevitable that many people have to forego the use of alcoholic beverages, but it is submitted that where only a limited amount can be spared for such purchases the goods available should be of domestic and not of foreign origin. Experience has shown that with this section of the public which numerically is large price is a determining factor and whether the individual desire be for brandy, gin, or a particular style of whisky, the purchase actually is made on the basis of alcoholic strength. Thus brandy, and rum, because they can be

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sold cheaper are purchased in preference to whisky, although the taste of the purchaser may lean to the latter. It is because of this that Treaties dealing with brandy and rum and allowing their entry into Canada in the case of brandy at the same rate of Customs duty as is paid by domestic distillers for Excise and in the case of rum actually at a rate of one dollar lower than the Excise, have had such a disastrous effect on the sale of Canadian spirits which have had to compete with these commodities.

It must farther be taken into consideration that almost without exception the manufacturing cost of Canadian spirits is higher than that of spirits imported and with which they must compete, so that the imported article starts with a noteworthy advantage. The wage scale in Canada is higher and the cost of grains and materials for packages exceeds that of other spirit-manufacturing countries. In addition the burden of taxation distributed over each gallon of spirits manufactured is very much greater on domestic-made spirits than on spirits made abroad, which by itself would be a sound reason for protecting the domestic article from foreign competition, but which becomes an unanswerable proposition when it is appreciated that in the case of Canadian-made spirits all of this taxation is paid in Canada and enures to the benefit of this country, while in the case of imported spirits none of it is paid here but remains abroad. This taxation is just as much a charge on the distilling industry in Canada as is the duty of Excise and in determining selling prices has to be taken in account exactly in the same way. Excise and taxation represent between them a further amount which has to be added to the actual manufacturing and operating costs, and leaving aside sales tax it is safe to say that spirits coming into Canada and paying the Customs duty of $10. per gallon (which not all do) actually contribute less to the public exchequers than do Canadian-made spirits which after paying the Excise duty of $9. per gallon pay an additional sum on account of Dominion and local taxation. In the case of the two companies making this submission the actual fact is that in Income Tax alone if this were distributed over sales made in Canada, much more than $1.00 per gallon has been paid, and when

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local taxation,(which is exceedingly high), is taken into account, the difference between the rates of Customs and Excise is not only wiped out but in fact leaves the domestic manufacturer positively at a disadvantage as compared with the importer.

The disadvantages under which the distilling industry operates, have so far, in this submission, been confined to what may be termed normal conditions. When, however, conditions are abnormal and foreign exchange is depressed, matters become aggravated. In the first place when foreign manufacturers maintain their nominal prices their goods are actually available at lower prices because of the low rate of exchange, but when as always happens in times of general world-wide depression, large parcels of foreign spirits are thrown on the market at less than their nominal cost of manufacture this, in conjunction with the exchange situation, brings about a condition with which, under present tariff arrangements, it is absolutely impossible to compete.

Further difficulties in the industry arise from the collection of Excise duty on spirits which have been lost in the many operations which intervene between the actual manufacture and the production of the bottled commodity. This branch of the matter, however, involves considerable detail and will be made the subject of separate representations. Although many of these appear to be of small significance individually, collectively they run into very heavy sums in the course of a year and of course diminish profits accordingly. It is respectfully submitted that in the collection of Excise duty, no duty should be payable on spirits which as a result of distillery operations, whether of maturing, blending, vatting or bottling, or of any other nature, are lost and do not go into consumption.

In previous submissions made to the Government much stress has properly been laid on the effect of recent treaties which touch the importation of spirits. It is not proposed to discuss them at any length here, but it is respectfully submitted, for reasons which have already been given, that where it is desirable to give a preference by treaty with any country, it should be adopted as a principle

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that the result will not be that foreign spirits can enter Canada at a lesser rate of Customs duty than the rate of Excise paid by Canadian manufacturers of spirits.

In dealing with the relations between this country and other countries it is desired to point out as strongly as possible that in comparing the margin of protection afforded Canadian manufacturers, generally, in respect of articles completely made here with that afforded the Canadian manufacturer of spirits, the latter has been for years at a distinct and enormous disadvantage, and this without taking into consideration special treaties. It is urged that the distilling industry is one of at least as great importance to Canada as many which have received a higher degree of protection from outside competition and that the minimum of protection to be afforded it should be at least the average which is afforded to other Canadian manufacturers of completely finished articles.

The object of this submission is to request very respectfully and very earnestly that in the forthcoming Budget the duties of Customs and Excise should be so re-adjusted as to afford Canadian manufacturers of spirits such protection in their home market as will enable them to derive from it a reasonable volume of business at a reasonable rate of profit. It is recognised that because of the forthcoming Imperial Conference there may be a reluctance to interfere with the rate of Import or Customs duty, in respect of which attitude, if it exists, it is urged that for many years past spirits from other parts of the Empire have been enjoying a preference not accorded to other Imperial finished articles, that as a result grievous harm has been inflicted on a leading Canadian industry, and that it is only just that the remedy should be applied as soon as possible. To meet the situation, if no stronger steps are deemed necessary immediately, there should be imposed at once such a difference between the rates of Custom and Excise duties on spirits as would place these in the same position, as far as tariff treatment is concerned, as are other finished articles imported from the various parts of the Empire, leaving to be considered at the Conference, the final steps to be taken, due regard being had to the right of the Canadian distilling industry then to receive at least as good treatment as other Canadian industries.

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Should it be deemed inadvisable to increase Customs duties at the moment, it is suggested that a lowering of Excise would not only have a beneficial effect on the industry, but would probably cause no decrease in national revenue, owing to a widened area of consumption.

This submission is made on behalf of two distilling companies, but in fact it concerns much more. It affects not only the whole industry but a multiplicity of other industries who employ Canadian labour, and utilize in their factories Canadian raw material. In times such as exist at present, these industries have been seriously affected and need whatever business can be afforded them.

The necessity for action on the part of the Government of Canada, is urgent. Under present conditions, notwithstanding the huge sums invested in the industry, it is a matter of difficulty for holders of distillery shares to negotiate with banks, as it is on the part of the companies themselves, and there is a widespread and perhaps justifiable lack of confidence in the future of the business. With a satisfactory share of Canadian business, the industry can be made a sound one.

Respectfully submitted by:

HIRAM WALKER & SONS, Limited,
GOODERHAM & WORTS, Limited,
per R. Z. Ferguson.

1448 Peel Street,
Montreal, P.Q.,
February 24, 1932.

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124568

The Robert Simpson Company Limited
TORONTO 2, CANADA

OFFICE OF
THE PRESIDENT

March 16th, 1932.

Dear Mr. Meighen:

I understand you expect to be in Toronto on Saturday.

I wonder if you would be able to have lunch with me in Simpson's.

If you are free to do this I hope I may have this pleasure.

Best wishes,

Yours very truly,

Won't be there

Rt. Hon. Arthur Meighen,
The Senate,
Ottawa, Ont.

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Ottawa, March 17th, 1932.

Dear Mr. Burton,-

I have your letter of the 16th instant.

It will not be possible for me to be in Toronto on Saturday next, therefore I regret that I shall not be able to have luncheon with you on that date.

Yours truly,

Arthur Meighen.

C.L. Burton, Esq.,
President, The Robert Simpson Company,
Toronto 2, Ont.

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CABLE ADDRESS RITCHSTONE

124570

HAROLD F. RITCHIE & COMPANY LTD.

WITH WHOM ARE ASSOCIATED

HAROLD F. RITCHIE & COMPANY, INCORPORATED

THE BRITISH HAROLD F. RITCHIE & COMPANY, LIMITED

MANUFACTURERS' REPRESENTATIVES.

TORONTO	NEW YORK	GUATEMALA	KINGSTON	GEORGETOWN	LIMA	SHANGHAI
MONTREAL	PHILADELPHIA	SAN SALVADOR	PORT AU PRINCE	RIO DE JANEIRO	GUAYAQUIL	HONG KONG
WINNIPEG	CHICAGO	CORINTO	SANTO DOMINGO	MONTEVIDEO	BARRANQUILLA	SYDNEY
VANCOUVER	SAN FRANCISCO	SAN JOSE	SAN JUAN	BUENOS AIRES	CARACAS	WELLINGTON
ST. JOHN'S	DALLAS	PANAMA	BRIDGETOWN	VALPARAISO	HONOLULU	LONDON
	BOSTON	HAVANA	MEXICO	LA PAZ	MANILA	
			BELIZE			

Ottawa

March 24, 1932

10-18 MC CAUL STREET
TORONTO, ONT.

The Rt. Hon. Arthur Meighan
57 Castle Frank Cres.
Toronto, Ont.

Dear Mr. Meighan:

I am sure you have plenty of people to trouble you without me starting in but there is a condition in regard to taxation in Canada that is affecting trade and while I realize that the Prime Minister, the Minister of Finance and every other man connected with the government have a big job on their hands, no matter what any man may tell you or bring to you as an argument for a sales tax against a turnover tax there are a hundred reasons for a turnover tax against one for a sales tax.

The business profits tax of this country could be cut in two. The income tax could be cut in two. Stamp taxes and every other type of nuisance tax could be eliminated by having a very small turnover tax.

There is a complete story attached to this. They will tell you that it will be hard to collect. We have postoffices in every district. They will tell you people will try to avoid it. How are they going to avoid it? Would there be more people avoiding a turnover tax than there would be a sales tax?

The whole business fabric of this country is going to be in a turmoil with a higher Sales Tax. With a turnover tax every man has to pay in accordance with his

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spending power and the government will get something on every transaction.

I am simply passing this along to you for your information.

Sincerely yours

Harold F. Ritchie

HFR:E

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Tariff.

Ottawa, March 30th, 1932.

Dear Mr. Ritchie,-

Having already had a chance to talk with you previously, I need not say much more with regard to your letter of the 21st instant.

There is a lot to be said for the turnover tax and, as you know, the Prime Minister has been sympathetically inclined toward it. The tendency is - and for good reasons - to keep in the line of previous taxations because the machinery is all set up for the purpose, although there are difficulties in the way of the turnover tax which I outlined in conversation with you.

Yours truly,

Arthur Meighen.

Harold F. Ritchie, Esq.,
10 - 18 McCaul Street,
Toronto, Ont.

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CANADA

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Ottawa, April 5th, 1932.

Dear Mr. Lee,-

I thank you for yours of Wednesday and will study the enclosures very carefully at once.

Yours very truly,

Fred W. Lee, Esq.,
c/o Chateau Laurier,
O t t a w a.

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PUBLIC ARCHIVES
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CANADA

L 24574

HOTELS OF DISTINCTION

CANADIAN NATIONAL RAILWAYS



FROM
CHATEAU LAURIER
OTTAWA

OTTAWA, ONT.

Wednesday night

Dear Mr. Meighen..

I am enclosing a memo which describes the New Zealand Treaty situation.

You will readily see the cause of our concern and feel if you could lay it over until after the Conference ~~it~~ or raise the duty on Powered milk it would be a glorious accomplishment.

Yours thankfully

Fred W. Lee

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CANADA

The Ontario Milk Producers Association

OFFICERS AND DIRECTORS FOR 1932

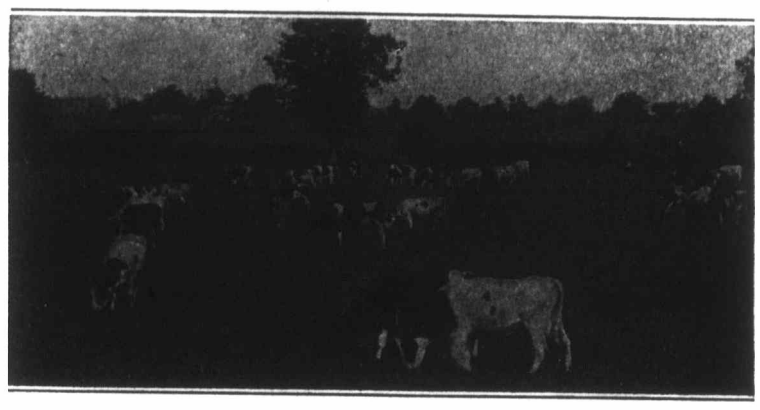
PRESIDENT, R. E. BEAM, WOODSTOCK

VICE-PRESIDENT, FRED W. LEE, SPRINGFORD

MANAGER AND SECRETARY-TREASURER
J. P. GRIFFIN, TORONTO, ONT.

1245743

Whole Milk and Sweet Cream
H. DYMENT, HAMILTON
R. F. LICK, OSHAWA
G. ROUSE, BEAMSVILLE
O. A. SNYDER, HESPELER
ALEX. FRASER, EMBRO
N. A. SPRATT, BILLINGS BRIDGE
W. E. BRECKON, FREEMAN
G. B. STOCK, WATERDOWN



Powder and Condensery
ERLE TAYLOR, BELMONT
R. E. BEAM, WOODSTOCK
E. C. CHAMBERS, HATCHLEY STATION
Cheese
J. MCMILLAN, GLANWORTH
W. D. BEDELL, HILLIARD
A. B. MCLEAN, PERTH
Creamery
FRED W. LEE, SPRINGFORD
W. E. THOMSON, WOODSTOCK
LOUIS CRAIG, BELMONT

PHONE ELGIN 3655 OFFICE: 21 KING ST. EAST
PUBLISHERS OF "ONTARIO MILK PRODUCER"
S. G. CHANT, DIRECTOR IN CHARGE OF ADVERTISING

TORONTO, May 2nd, 1932.

MEMORANDUM RE EFFECT OF NEW ZEALAND TRADE TREATY ON THE PRODUCTION OF POWDERED MILK IN CANADA.

The powdered milk industry in Canada originated in 1904. The industry at the present time is largely centralized in Ontario and has developed to the extent that approximately 200,000,000 pounds of fluid milk is utilized in this highly specialized industry in Canada. The New Zealand Trade Treaty, which allows the importation of powdered milk from New Zealand into Canada at a rate of duty of 1¢ per pound, will, we believe, be disastrous to the industry and will further reduce production to practically the vanishing point.

The following are the reasons for our belief,-

Production of Milk

The ability of the Canadian farmer to produce fluid milk in the climate such as we have here in competition with the producer in New Zealand is practically impossible. We do not believe that it is possible for a producer in this Country, who finds it necessary to stable his herd for at least six months of the year, to be able to produce in as great a volume or as cheaply as a producer in New Zealand.

Production of Powder

Quantity production of powdered milk has a very important and direct effect on the cost of production. If it is necessary to maintain a plant to handle all the milk that is offered in the flush, which is usually in the month of June, it is necessary to build a plant sufficiently large to handle a large production. When the

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milk production shrinks, as it does in Canada to possibly 25% of Summer production, it is necessary to carry this overhead through the Winter months. This condition does not lead to production costs that can possibly compare favorably with a plant that handles a very much greater volume of milk for a longer period of time.

A powder manufacturing plant handling 200,000 pounds of milk per day can produce powdered milk for just about half the cost of a plant handling 30,000 pounds a day. Our plants are situated in the best dairy districts of Canada and yet plants are unable to purchase milk in quantities very much exceeding 30,000 pounds daily in the Winter months.

Inadequacy of 1¢ Tariff

Although we do not know the New Zealand cost of producing a pound of skim milk powder, we do know the costs here very completely and we are of the opinion that powdered skim milk cannot be produced in Canada and is not being produced for less than 2¢ average cost above New Zealand cost of production.

Export Prices.

We understand that New Zealand markets most of its production of powdered skim milk in the United Kingdom and are selling in England at £32 per long ton. This is the equivalent in Canadian money of 5½¢ per pound delivered to the buyer in England. This would indicate a selling price in New Zealand of less than 5¢ per pound. The Department of Trade & Commerce has obtained for us selling prices on powdered skim milk to New Zealand consumers and they inform us that powdered skim milk is being sold in New Zealand at £46 per ton or 8¢ per pound. It is evident, therefore, that New Zealand is selling their exportable production at much less than their domestic price. The cost of production of powdered skim milk in Canada, as supported by a very complete cost system is something over 6¢ per pound at the factory.

Transportation Costs

We are informed that the freight rate from New Zealand to Halifax, Montreal, or Vancouver, is 30s per 40 cubic feet, which works out at about 31¢ per 100 lbs. The rate on powdered milk in carloads from say the Belmont, Ontario plant to Montreal is 39½¢ per 100 lbs. It is, therefore, evident that the New Zealand exporter of powdered milk can ship his goods to Canadian ports cheaper than we can ship by freight in Canada for a distance of 500 miles. It is obvious, therefore, that if New Zealand is permitted to ship powdered milk under a 1¢ Tariff to Vancouver, the Canadian producers situated in Eastern Canada will be absolutely unable to compete in Western Canada and particularly in British Columbia.

Exchange

We are informed that the valuation of the New Zealand Pound in Canadian funds is $3.77. Under a currency depreciated to this

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extent, it will be quite possible for New Zealand to pay both duty and the transportation charges with the difference in exchange. This would indicate that New Zealand exporters will be able to place powdered skim milk in Canada duty and freight paid at not more than their export price of possibly 5¢ per pound.

We do not know whether or not the arbitrary valuation of the Pound as applied to Great Britain applies also to New Zealand but, even if it does, we do not see that we receive any protection in view of the fact that the duty is specific and not ad valorem.

Consignments.

If the Dumping Duty does not apply and provision is not made for the difference in the value of currency, we contemplate that New Zealand will immediately place large quantities of powdered milk on consignment in Vancouver and Montreal. The effect of such consignments can only be the absolute breaking of the market for powdered milk in this Country for, whether the goods are cleared through Customs or not, buyers, as soon as they know that low-cost consignments are on the way to these ports, will discontinue to purchase from Canadian producers and the market will break just as it did in butter when such consignments were permitted.

We would also like to point out to you that the Tariff of 1¢ per pound apparently applies both to whole and skim milk powder. With an approximate value of 5¢ per pound on skim milk powder and 20¢ per pound on whole milk powder, this is indeed an inaccuracy. This condition would indicate that if the Tariff of 1¢ per pound is sufficient on powdered skim milk it is just one-quarter what it should be on powdered whole milk.

The United States having placed a prohibitive tariff on the importation of butterfat in the form of cream or butter has meant that Canadian producers of powdered milk are faced with the problem of disposing of their supplies of butterfat. If New Zealand is permitted to sell powdered whole milk in this Country under a tariff of 1¢ per pound it will not be possible for Canadian producers of powdered whole milk to meet the competition and the butterfat sold in the form of powdered milk will find its way into a further surplus of butter which cannot help but have a serious effect on a butter market which is already demoralized due to a production of a small surplus.

We do not believe that it is the intention of the Government to place Canadian producers of powdered milk in the position where they will have to discontinue production, but, if the Anti-Dumping clause is not applicable to New Zealand powdered milk and casein, we cannot see anything except that production in Canada will be either very much decreased or discontinued altogether; for it is simply not possible to produce powdered milk under the manufacturing and climatic conditions that we have in this country and compete with large operators in New Zealand who have a tremendous production of milk, the fat of which goes into export butter.

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We believe that not only should the difference between the home consumption value of powdered milk in New Zealand and their export prices be assessed as a Dumping Duty but that protection should be given against the depreciated currency of New Zealand.

With the above facts we think that you will appreciate that the effect of this New Zealand Treaty will be anything but good on powdered milk production and, therefore, willvery seriously injure producers of milk who are disposing of quantities of approximately 200,000,000 pounds of milk per year to this industry.

In conclusion we wish to state that our sole object in appearing before you at this time is to safeguard the interests of milk producers supplying the milk powder industry of the country. Prices for milk supplied this industry are today the lowest they have been, if we mistake not, in the history of the industry. Anything that can be done to assist and protect this branch of the industry will be appreciated by all milk producers in Canada, for what injures one branch of dairying, affects every other branch.

All of which is respectfully submitted.

Ontario Milk Producers Association

R. B. BEAM, President
F. W. LEE, Vice-President
J. P. GRIFFIN, Manager & Secretary.

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124579

Ottawa,
April 7, 1927.

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Dear Mr. Ilsley:

I thank you for your letter of April 2nd, and appreciate very much the action your Department has taken as respects musical instruments. Just before leaving Toronto on Monday I had occasion to call on Colonel Bishop, and may say to you that he is exceedingly pleased over what has been done and expressed his gratification.

Yours very truly,

Arthur Meighen.

Hon. J. L. Ilsley, M. P.,
Minister of National Revenue,
Ottawa, Ontario.

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124580

MINISTER OF NATIONAL REVENUE
CANADA

Ottawa, 2nd April, 1937.

My dear Senator,-

Referring to previous correspondence, I thought you might be interested to know that an Order in Council was passed under date of the 31st ultimo, granting authority for the refund or remission of customs duty and taxes paid or ordinarily payable on five musical instruments imported by members of the Toronto Symphony Orchestra.

The Order in Council further provides for the remission of any forfeiture or penalty imposed or authorized to be imposed by the Customs Tariff in connection with the importation of the instruments in question.

Yours very truly,

J. H. Ilsley

The Right Hon. Arthur Meighen,
The Senate,
O t t a w a.

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Tariff

124581

MITFORD ADVERTISING LIMITED

FEDERAL BUILDING
TORONTO.

GEO. H. K. MITFORD
PRESIDENT AND GENERAL MANAGER

★ TELEPHONE ADELAIDE 2441

April 12th, 1932.

11½

Private

Rt. Hon. Arthur Meighen, Esq.,
Privy Council,
The Senate,
OTTAWA, Canada.

Dear Sir:

I appreciate your letter of April 7th in reply to mine of March 30th, in which I enclosed a copy of a letter to the Prime Minister on the subject of Motion Picture Newsreels.

I am preparing a very brief summary dealing with this matter and will forward same to you within the next few days in the hope that you will read it and become more familiar with the subject, at your convenience.

I have had a further talk with my friend, Vernon Knowles, and am again acting upon his suggestion.

Yours faithfully,

Geo. H. K. Mitford
Canadian News Representative
FOX MOVIETONE NEWS

GHKM/FC

PLEASE ADDRESS ALL CORRESPONDENCE TO THE COMPANY

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CANADA

124582

112

OTTAWA, 7 April, 1932.

Dear Sir,

I have your letter of the 30th ultimo and have read with interest the copy of your letter to the Prime Minister.

The subject is one about which I know very little, but I am prepared to give it every consideration.

Yours truly,

Arthur Meighen.

Geo.H.K.Mitford, Esq.,
Federal Building,
Toronto, Ontario.

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124583

MITFORD ADVERTISING LIMITED

FEDERAL BUILDING
TORONTO.

GEO. H. K. MITFORD
PRESIDENT AND GENERAL MANAGER

★ TELEPHONE ADELAIDE 2441

Private

March 30th, 1932.

Rt. Hon. Arthur Meighen, Esq.,
Privy Council,
The Senate,
OTTAWA, Canada.

My dear Sir:

On the suggestion of Mr. Vernon Knowles, Managing Editor of the Mail & Empire, Toronto, whose friendship I have enjoyed for more than 20 years, I am enclosing for your private perusal copy of a letter mailed yesterday to the Right Honorable, the Prime Minister.

Please be advised that since April 6th, 1931, the internationally organized motion picture newsreels have been unable to operate in Canada owing to an Order-in-Council passed on March 9th, 1931, which demands a prohibitive tariff. Our contention is that because of this regulation, Canada is losing the services of a valuable publicity medium both at home and abroad.

I will be glad if you will treat this communication as strictly confidential.

Yours faithfully,

Geo. H. K. Mitford
Canadian News Representative
FOX MOVIETONE NEWS

GHKM/FC
Encl.

PLEASE ADDRESS ALL CORRESPONDENCE TO THE COMPANY

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CANADA

COPY

124584

810 Federal Bldg.,
Toronto 2, Ontario.

March 29th, 1932.

Rt. Honorable R. B. Bennett, Esq.,
Prime Minister,
OTTAWA, Canada.

My dear Sir:

I have your esteemed favor of March 24th, for which I am deeply grateful.

Canadian business enterprise takes its hat off to no other country, not only because of the native ability of Canadian business men, but because our mothers inculcated in our youthful minds the permanent values of honorable methods.

Those of us who are particularly interested in the automobile industry can, and do, fully appreciate the course which you have taken. Mr. Roy D. Kerby, President of Dominion Motors Limited, lost no opportunity to speak in the highest patriotic terms of the policies which you have adopted, when he was addressing the automobile dealers who came from all parts of Canada to attend our annual convention held in Toronto a couple of weeks ago.

I was happy to join with him in these sentiments and will do so again at every opportunity.

I therefore want to make it clear that the newsreel end of the motion picture industry holds no brief for the feature section of the industry and has no quarrel with the commercial end.

The newsreel is a public service. At the moment, however, practically no Canadian pictures are going out to the rest of the world in exchange for the ones we receive and very few are appearing even in Canada. It is this condition which I so much desire to bring to your attention, rather than any desire to interfere in the slightest way with the commercial branch of the industry. By all means, permit the commercial division every opportunity to expand and develop. This is as it should be, but why choke the newsreel division which has no relation to either the commercial or the feature picture division and whose death will neither help nor hinder either?

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I know what you mean when you speak of the "American control" of the motion picture industry but when you say that, you are combining the public service feature of the newsreel with the business of making feature productions. It does not apply to the newsreel division any more than the Associated Press controls the news service of the Canadian Press.

In other words, Fox Movietone News issues a Canadian edition and the selection of the Canadian pictures that go into that edition rests with me, a native-born Canadian. It was my job to know what pictures were desirable for the Canadian edition and to see that they were secured and in a period of 11 years I was never questioned by the New York Editor as to the type of material I was selecting. It then became the duty of the Foreign Editor in New York, himself an Englishman, to select whatever Canadian pictures might be suitable for other parts of the British Empire and copies would go to Australia, South Africa, New Zealand, Great Britain, etc.

There was, for example, a very close arrangement between myself and Mr. Sanger, Editor of British movietone news, which by the way is largely owned and, I believe, controlled by the Harmsworth interests of England, whereby he would advise me from time to time of subjects which he thought would be suitable for the British edition, which was circulated through some 400 theatres in Great Britain. For example, just prior to the present regulation going into effect, Mr. Sanger sent me a list of about eight subjects which he was anxious to have from Canada for his British edition. One was a story on our pulp and paper industry, another on our Northern Ontario mining belt and including specific views of the famous Hollinger Mines. I remember that he was also anxious to get an interview with Mr. Beatty, President of the Canadian Pacific Railway.

I remember that you came into contact with our British edition when you were attending the Imperial Conference and I remember very well the message which you sent to us in Canada via this medium at that time.

Therefore the request for reconsideration of this question is not made on behalf of any foreign interests, but rather on behalf of the chief beneficiary, which is Canada itself, in order that we may have the advantages of a public service, which, to the best of my knowledge, has never done better than pay expenses in a period of 11 years.

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I have refused to write articles on this subject for certain magazines and newspapers. I have refused several invitations to speak before Service Clubs and other organizations because I felt, and still feel, that the truth will prevail and that once you see this problem in its proper light you will be only too glad to deal fairly with it.

Please forgive this long letter. My very kindest personal regards,

Yours faithfully,

Geo. H. K. Mitford
Canadian News Representative
FOX MOVIETONE NEWS

GHKM/FC

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CANADA

124587

MINISTER OF FINANCE
CANADA

#3

Personal

Ottawa, May 2, 1932.

My dear Meighen,

I have yours of the 30th ultimo with attached letter from Mr. H. H. Stevens.

The suggested exemption was made at the express request of the Prime Minister whose sympathies, apparently, have been unduly exercised by Senator Beaubien.

So far as I am concerned, I think the complaint of the manufacturers who appeal this competition is well founded.

Perhaps, you will have a word with the P.M.

Faithfully yours,

Chas. A. Mac

The Right Honourable Arthur Meighen,
The Senate,
O T T A W A.

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124588

Ottawa, April 30th, 1932.

My dear Colleague,-

Attached is a letter from Mr. H.H. Stevens of Port Elgin, Ont., who has quite a large factory there. I have known Mr. Stevens for years.

Unfortunately I was not present when this subject was under review but the case Mr. Stevens makes is pretty hard to get over.

Yours very truly.

Hon. E.N. Rhodes, P.C., M.P.,
Minister of Finance,
O t t a w a, Ont.

Re exemption on goods made by the Blind institutions (in Budget)
(BROOMS ETC.)

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CANADA

124589

Ottawa, April 20th, 1922.

Dear Mr. Stevens:-

I have your letter of the 28th instant.

Certainly no one can put a case better than you have done here. I quite appreciate the argument you advance and will bring it to the attention of the Minister without delay. Unfortunately, I was not present when the subject was under discussion.

Yours very truly,

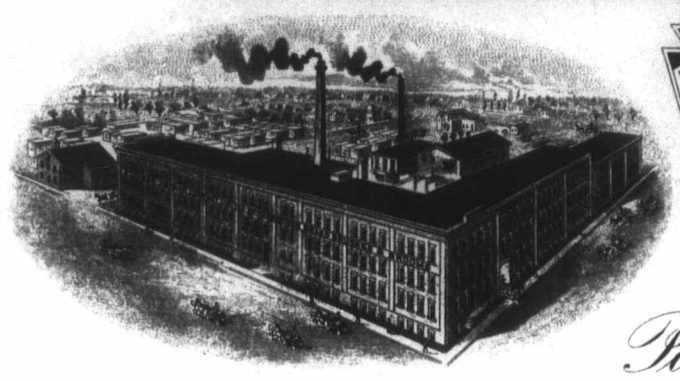
H.H. Stevens, Esq.,
c/o Stevens-Hepner Co., Limited,
Port Elgin, Ont.

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124590

STEVENS-HEPNER COMPANY, LIMITED



TRADE MARK KEYSTONE BRAND REGISTERED

MANUFACTURERS OF
BRUSHES, MIRRORS
BROOMS AND WHISKS

HIGH CLASS FRENCH IVORY
AND EBONY GOODS

TRADE *Keystone* MARK

CABLE ADDRESS "STEVEHEP."
A.B.C. CODE 4TH & 5TH EDITIONS.
AND BENTLEY'S

Port Elgin, Ontario, Canada. May 3rd, 1932.

The Right Honorable Arthur Meighan,
The Senate,
Ottawa, Ontario.

Dear Mr. Meighan:

I am in receipt of your favor acknowledging my letter with reference to the matter of sales tax exemption and appreciate your kind remarks.

Since writing you, I have learned something more with reference to competition with the Blind Institute. I have taken the liberty of writing to the Honorable Mr. Rhodes, again, and I am enclosing herewith copy of my letter.

Sincerely yours,

H H Stevens

HHS:BH
P.M.
Encl.

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CANADA

124591

COPY

May 3rd, 1932.

The Honorable R. N. Rhodes,
Minister of Finance,
Ottawa, Ontario.

Dear Sir:

Will you pardon me for writing you again with reference to the proposed exemption from sales tax of goods made by the Blind.

On Friday last, I had an interview with the purchasing agent of F. W. Woolworth Company, Limited, to ascertain why our sales of whisks to them had dropped so low. The Woolworth Company are the largest buyers of whisks in Canada and during 1931 we sold them 7,586 Dozen, an average of 632 Dozen per month. During the month of March this year, their purchases were only 18 Dozen. For years we have specialized on whisks and can say, without fear of contradiction that we are the largest manufacturers of whisks in Canada.

When informed by the buyer for the Woolworth Company that they were now buying from the Blind Institute, I was surprised, as up to that time, I did not know that they were manufacturing whisks.

The point I desire to make is this; if the Blind are able to take from us an account of this kind that we have sold for many years, why should it be necessary to place us under an additional handicap.

Thanking you in anticipation of your favorable consideration, I have the honor to remain

Yours very truly,

HHS:BH
A.M.

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124592

OTTAWA, 4 May, 1932.

Dear Sir,

Referring to our conversation of this morning over the long distance telephone, I have arranged an appointment for you with Mr. Meighen for eleven O'clock Friday morning.

Yours very truly,

A.H.Hinds.
Private Secretary.

B.F.Gibson, Esq.,
The Robert Simpson Co., Ltd.,
Montreal, P.Q.

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124593

The Robert Simpson Company Limited
TORONTO 2, CANADA

OFFICE OF
THE VICE PRESIDENT

Montreal, Que.,
May 5, 1932.

A. H. Hinds, Esq.,
Private Secretary to Mr. Meighen,
The Senate,
Ottawa, Ontario.

Dear Mr. Hinds:

I appreciate receiving your communication this morning advising me that you have arranged an appointment with Mr. Meighen for eleven o'clock Friday morning.

I will look forward with great pleasure to seeing Mr. Meighen.

Yours very truly,

D. H. Gibson

DHG/OM.

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(43)

D H GIBSON 43 MAY 5 4.05

IN BPEAKING TO MR MEIGHEN WOULD SUGGEST THAT YOU POINT OUT THAT WE WERE QUITE PREPARED TO ADJUST OUR COMPANY'S AFFAIRS SO AS NOT TO PENALIZE STAFFS AND SHAREHOLDERS, ON ACCOUNT OF THE ORDINARY ADJUSTMENTS NECESSARY BECAUSE OF THE PRESENT DEPRESSION. WE EXPECTED TO REDUCE INSIDE RESERVES AND SURPLUS IN THE BUSINESS OF THESE ACCOUNTS, BUT IN ADDITION TO THE ORDINARY PROBLEMS OF DEPRESSED TRADE WE HAVE SUDDENLY HAD CUT OFF ABOUT 50 PERCENT OF OUR BRITISH AND EUROPEAN TRADING, AMOUNTING TO OVER THREE MILLIONS PER YEAR, AND WHICH WILL PROBABLY INCREASE TO THE EXTENT OF ANOTHER MILLION THIS YEAR, BECAUSE OF CONTINUED FURTHER PENALTIES, IN ADDITION TO WHICH WE HAVE HAD OUR VOLUME REDUCED OVER ONE MILLION DOLLARS BY THE STRINGENT DUTIES, AND REVALUATIONS ON UNITED STATES IMPORTS. IN A TIME LIKE THE PRESENT IT IS IMPOSSIBLE TO RE-COUP OURSELVES FOR ANY PART OF THIS IMPORT TRAFFIC ON THE OTHER HAD, THE ABSENCE OF IMPORTED ARTICLES FOR COPYING BY CANADIAN MANUFACTURERS HAS SLOWED UP LOCAL ENTERPRISE, SO AS TO BRING THESE AND ALL SECONDARY MANUFACTURERS AND DISTRIBUTORS TO THE POINT OF DISINTEGRATION. UNLESS SOME POSITIVE ACTION IS TAKEN IN THE WAY OF RELIEF ALONG THE LINES OF OUR REPRESENTATION TO MR BENNETT, THERE WILL BE HUNDREDS OF BUSINESS CASUALTIES AMOUNTING TO A GREAT MANY MILLIONS OF DOLLARS AND AFFECTING THE JOBS OF 50,000 USEFUL PEOPLE AT LEAST.

C L BURTON

Robert Simpson Co.
Toronto.

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124595

43

Ottawa, May 6th, 1932.

Dear Mr. Love,-

I am exceedingly sorry not to have acknowledged earlier your letter of the 14th ultimo. After having received attention, in some way it was mislaid (in one of my pockets) and therefore a reply was neglected.

Upon taking the matter up with the Minister, I found there was no possibility of having tariff changes made this year. None were made except those necessitated by Treaties with other countries and these were very few. This was in order that the ground would be cleared for the Imperial Conference negotiations.

I am asking that your representations receive the most careful attention at the hands of the Minister of Finance, and if I happen to be a member of the delegation at the Conference I will keep what you say carefully in mind.

Yours very truly,

H.H. Love, Esq.,
President, W.J. Gage & Company, Ltd.,
82-94 Spadina Avenue,
Toronto, Ont.

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124596

H. H. LOVE
PRESIDENT

JOHN C. SAUL, M.A.
EDITOR-IN-CHIEF

W. J. GAGE & CO. LIMITED
MANUFACTURERS AND SELLING AGENTS
FOR
The Educational Book Co. of Toronto, Limited
PUBLISHERS OF SCHOOL AND COLLEGE TEXT BOOKS

ALL BOOK CONTRACTS, BOOK PLATES, AND COPYRIGHTS ARE THE PROPERTY OF THE EDUCATIONAL BOOK CO. LTD. AND ALL CORRESPONDENCE IS CARRIED ON THROUGH W. J. GAGE & CO. LIMITED

82-94 SPADINA AVENUE
TORONTO

April 14,1932

Rt. Honorable Arthur Meighen,
57, Castle Frank Road,
T o r o n t o

Dear Mr. Meighen:-

I am sending you copies of two letters. The earlier one was written with the hope that some relief would be given when the Budget was announced, but the information now is that it will not be considered until the Imperial Conference deliberations. I fear that it will be more difficult then to impose a duty on school books, and am therefore asking for free entry of the raw materials so that we may be on a more equal basis in competition.

The present situation is working a great hardship to us, as the English publishers are taking advantage of the loophole in the Tariff which was never intended to apply to books by Canadian authors and illustrators and for use only in Canadian schools and not saleable elsewhere.

The reason for writing you is to ask if you can suggest any other approach which would hold out any hope for relief in the present unsatisfactory and - we think- unfair situation.

With kindest regards,

Yours sincerely,
H. H. Love

President.

Encl. 2

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PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

I.24597

March 4th,
1932

Hector McKinnon, Esq.,
Department of Finance,
O t t a w a ,
Ont.

Dear Mr. McKinnon:-

I enclose you a copy of letter bearing on Tariff Item 175 which may interest you as it explains why the situation would not be relieved by invoking Section 14 of the Copyright Act as some suggested possible.

Yours very truly,

(sgd) H.H.Love

President.
W. J. GAGE & CO., Limited.

Encl.

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PUBLIC ARCHIVES
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CANADA

124598

COPY- March 4th,1932

The Canadian Manufacturers Assoc.,
T o r o n t o

Attention Mr. Macdonnell

Thank you for your letter of March 3rd, but I regret to advise that we have always felt it would not be good ethics in our business to invoke Section 14 of the Copyright Act; furthermore, it would not avail us much as the books we refer to are all profusely illustrated - most of them with colors - and as Section 14 does not provide (in the event of refusal of owners of Copyrights to print in Canada) that electro plates shall be supplied at cost, which would necessitate the making of a duplicate set of plates here, and to make a complete new set would require that an artist would have to be employed to copy another's work, which few would do. Furthermore, it would mean the total original cost of a new set of plates, and that there would then be two sets of plates for printing one book, and I see nothing in this Copyright Act that would exclude the original manufacturer from continuing to market his product in Canada. We would then be at the further disadvantage of being obliged to pay the royalty of 10% in addition to his 15 or 20% cheaper cost.

Furthermore, it is logical to suppose that the various Departments of Education who originally were satisfied to authorize books not manufactured in Canada would hesitate to turn orders over to a Canadian manufacturer who had invoked Section 14 and who was then making identically the same product unless, of course, the Canadian article could be offered at a lower price, but the original manufacturer would not likely permit of this, as, owing to his lower cost, he would be able to meet any price offered.

As a matter of fact, while the Provinces of Ontario and Quebec insist on manufacturing in Ontario, other Departments of Education care little where the book is manufactured, and if it were not for this attitude of these Departments, the obvious solution would be for them to specify that books authorized for use in their schools be manufactured in Canada- but this they will not do as the whole political question of free trade versus tariff comes up again in the legislature of each individual province, and you cannot interest the Departments of Education sufficiently to have them bring the matter before their various Cabinets, etc., etc.

We suggest therefore (assuming you are convinced that the situation as at present exists is unfair to Canadian publishers) that you write Mr. Rhodes saying you have a request from certain publishers

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CANADA

and engravers in Toronto (George Brigden of Brigdens, Limited, for one, was going to take it up with you as it affects engraving) in reference to the anomalous position that is working to the detriment of their business, in that work originated by Canadian authors and artists was being sent outside of the country and manufactured into complete books and returned to this country free of duty under Tariff Item 175, while the raw materials entering into such books were fairly well protected by a tariff - and that, owing to the considerably lower wage cost in Great Britain particularly- British printers were able to produce their product at from 15 to 20% less cost than the Canadian manufacturer. This does not seem fair, as most of these books cannot be sold elsewhere, and are saleable only to Canadian schools.

We give you herewith the comparative scale of wages and the tariffs on raw materials mentioned above, so far as we are able to compile them at the present moment:

MATERIALS USED IN THE MAKING OF BOOKS

Raw material	U. S. A. General rate of duty	GREAT BRITAIN Pref. rate
Paper, M.F. or S.C.	25%	15%
" Coated	35%	22½-10
Mull	25% + 4¢ Lb.	(17½-10) + 3¢ lb.
Board	35%	(22½%-10
X Cloth (subject to drawback)	35% + 4¢ Lb.	(25-10) + 3¢ lb.
Thread	25% + 4¢ Lb.	(15-10) + 3¢ lb.
Wire	35%	25%
Glue	27½ + 3¢ lb.	(17½-10) + 2¢ lb.
Tape	25% + 4¢ lb.	(17½-10) + 3¢ lb.
Type	20%	12½%
Electrotypes	Free	Free

X Cloth: if it can be proven that the cloth is used in manufacture of school books, there is a 99% drawback to offset the duty from Great Britain, which makes it practically free.

Wages: We are indebted to Mr. F.M.Kimbark, ex-chairman of The Legislative Committee of the United Typothatae of America, and who spent a great deal of time studying this question of comparative wages in England and Canada for the information that British Printers are paid approximately 60% of the wages obtaining in Canada- i.e. we pay 66 2/3 more wages than our British competitors.

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We therefore make the suggestion that a special Regulation should be made to cover "books originated by Canadian authors and illustrations made by artists in Canada, specially for use in Canadian schools, and make them subject to sufficient duty (we suggest 15% regular and 10% preferential as a fair rate) to equalize the higher wages and higher cost of raw materials which the Canadian printer and bookbinder must pay".

In further respect to the above, we have reasonable evidence that the books so brought into this country are not sold at any less price to the schools than is the Canadian-made article - in other words, the additional profit referred to goes into the pockets of the printing and publishing manufacturers of books outside of Canada, and we know that some of those who subscribed to the printed MEMORANDUM AGAINST A DUTY ON SCHOOL BOOKS ENTERING CANADA addressed to the Government over a year ago, see the unfairness of the present situation and would not oppose- in fact would support- the change suggested.

If you can assist us in the matter of adjusting this very apparent grievance, we would appreciate it.

Yours faithfully,

W. J. GAGE & CO., Limited

(sgd) H.H.Love

President.

P.S:- Section 27 of the Copyright Act would not help us as the Canadian author and artist are paid the same for their original work for a publisher inside or outside of Canada, and in the case of the author, usually on a royalty basis. Of course the illustrator is generally paid a lump sum, and neither of them are particularly interested other than to know that their material will be published and circulated in Canada.

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PUBLIC ARCHIVES
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CANADA

COPY-

Toronto,
April 14th,1932

124601

Department of Customs,
O t t a w a ,
Ont.

Dear Sirs;-

Will you kindly advise us what is the proper procedure in order to make application for free entry of paper and millboard and thread from England, to be used in printing school books.

Our reason for making application is that we are submitting a tender to a joint committee of the four Western Provinces for a set of school readers to be used exclusively in the schools of those provinces for a period of ten years, and amongst our competitors are English publishers who manufacture their books in England and will be under considerably less cost of production by reason of the fact that the cost of paper, millboard and other raw materials entering into the books is much lower priced in England, and the completed books are allowed in free under the present tariff.

We estimate that the quantity of paper for this purpose will be six million pounds over a period of ten years and, at the price we pay for book paper here (i.e., 7½¢ per lb.) this would amount to $450,000.00

Board and Thread would be in smaller quantities but would, nevertheless, be a considerable factor, as is also the value of the pound sterling.

In making this request we quote as a precedent that, under the present tariff, cloth imported for school book covers is subject to a drawback of 99% (practically free), and electrotypes for printing the books are free, as is also the completed book, and we therefore submit that other materials which enter into the making of the books should likewise be allowed in free.

We would appreciate your advice in the matter at as early a date as possible as the complete edition of our books and tender are to be submitted in September next.

Yours very truly,

W. J. GAGE & CO., Limited,

(sgd) H.F.E.Kent,

General Manager.

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CANADA

124602

43

Ottawa, May 10th, 1932.

Dear Mr. Purvis,-

Senator Webster has left with me a memorandum containing certain representations, made on behalf of your industries - the fertilizer and celophane branches.

These representations are indeed important.. I will keep them carefully in mind and will be speaking to the Honourable Mr. Ryckman on the subject.

Yours very truly,

A.B. Purvis, Esq.,
President, Canadian Industries, Ltd.,
Montreal, Que.

1050 Beaver Hall Hill

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PUBLIC ARCHIVES
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CANADA

124603

THE SENATE

CANADA

OTTAWA, May 4th, 1932.

MEMORANDUM:

Mr. A. B. Purvis, President of Canadian Industries, Limited, would be pleased if the following memorandum were placed before the Right Honourable Arthur Meighen:

The Canadian Industries have erected fertilizer plants at Beloeil and Hamilton at a cost of $1,250,000; the Hamilton plant for the manufacture of super-phosphate commenced June 24th, 1931, and the manufacturing capacity of these plants is 112,500 tons of super-phosphate. American fertilizer manufacturers are all losing money, and have been dumping super-phosphate into Canada at $7.00 per ton, which is $2.00 less than their fair market value of $9.00 in the United States. When these facts were verified by Mr. Breadner, an Order-in -Council was passed on June 22nd, 1931, establishing the price at $9.00 per ton in bulk. Shortly afterwards this Order-in-Council was cancelled.

The Canadian Industries now ask that it be rescinded in accordance with the views of the Customs Department after investigation under Section 36 - 2 of the Act, which went into effect on June 20th,1931, and about two weeks later was cancelled. Canadian Industries, Limited, are in a position to supply fertilizers of all kinds at the right price, and merely ask to be protected against American dumping prices.

CELOPHANE: Canadian Industries are just completing a large modern new plant at Shawinigan, and will be ready to put celophane on the market not later

.....2

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124604

than June 1st. The Government has promised that when celophane is right and ready to be marketed, the duty will be advanced from 10% to 35%. There is a concern in the United States called, "The Sylvania Industrial Corporation", New York, who claim to make a similar product, and they have made this unusual request to the Canadian Government that they have decided some time in the future to erect a plant in Canada, and in the meantime they do not want the Government to increase the duty until their plant is established, and between now and then they wish to be allowed to continue shipping in under the present tariff. They also put forward the extraordinary argument, that they will buy 5000 tons of Canadian pulp each year, and we do not know of any other country they could get this pulp from, whether they established a factory in Canada or not.

It is hoped when Canadian Industries notify the Government that their celophane is on the market that the new duty will be immediately put into effect.

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124605 #3

Ottawa, May 11th, 1922.

Dear Mr. Burns,-

I received your letter of the 6th instant, which I read with very great interest.

The subject has been under review for some time. The Minister of Agriculture, Honourable Mr. Weir, is most anxious to regulate the quality of exports and also to stiffen local prices by expanding exports.

The difficulties in the way are great and I am sure very careful thought will be given to the representations you have so clearly advanced.

Yours very truly,

R.B. Burns, Esq.,
c/o Burns Brothers,
308 Exchange Building.
Winnipeg, Man.

2

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CANADA

R. BRUCE BURNS,
CATTLE SALESMAN

KENNETH G. BURNS,
CATTLE SALESMAN

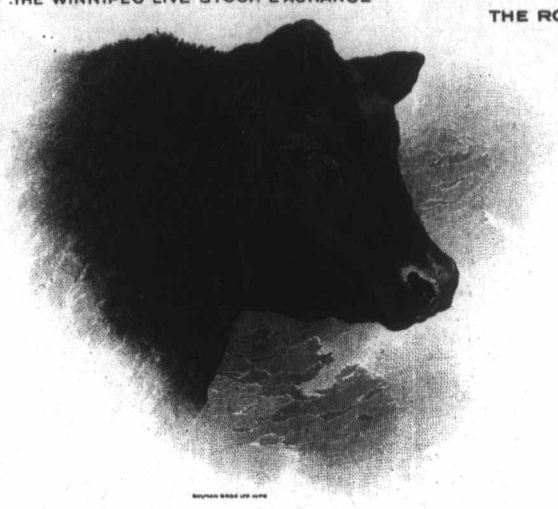
124606

HUBERT J. BURNS,
HOG SALESMAN.

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TORONTO REPRESENTATIVE
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Burns Bros.

Live Stock Commission Agents
in
Cattle, Sheep and Hogs

TELEPHONE 202 383
ROOM 308, EXCHANGE BUILDING
UNION STOCK YARDS
Winnipeg,
MANITOBA

May 6th, 1932.

The Hon. Arthur Meighen,
House of Commons,
Ottawa, Ont.

Dear Sir:

I am writing you on a matter I consider of national importance.

Mr. H.S. Arkell, formerly of the Dominion agricultural department under McKenzie King, and now superintendent of the Canadian Livestock Co-operative Ltd. has been working aggressively along lines that if he were successful in carrying out would add increased loss and hardship to the livestock industry of Canada.

Arkell's plan in substance is for a deduction to be made on proceeds of all live stock sold on public markets or abattoirs and placed in a fund to be handled by a Marketing Board. The amount of deduction suggested is, I believe, 25¢ per 100 lbs. Arkell's idea is to get the surplus of cattle and hogs exported to Great Britain, which would tend to raise the prices of the livestock used for the home market, parties who exported beef or bacon to Great Britain to be reimbursed out of the fund referred to for losses sustained in their exporting ventures.

Arkell has been working with the legislatures of the prairie provinces to get them to endorse his scheme,.I am reasonably sure that Mr. Hoadley of the Department of Agriculture of Alberta and Mr. Bracken, Premier of Manitoba, have been favourable to the idea. I have not as yet heard how he made out with the Saskatchewan government.

Now, Mr. Meighen, our export trade is getting on its feet again. Choice steers are netting back close to six cents per lb. Winnipeg, in spite of the fact that the pound sterling is at a discount. If the rate of discount on the pound sterling be lessened this summer the export trade would benefit to that extent.

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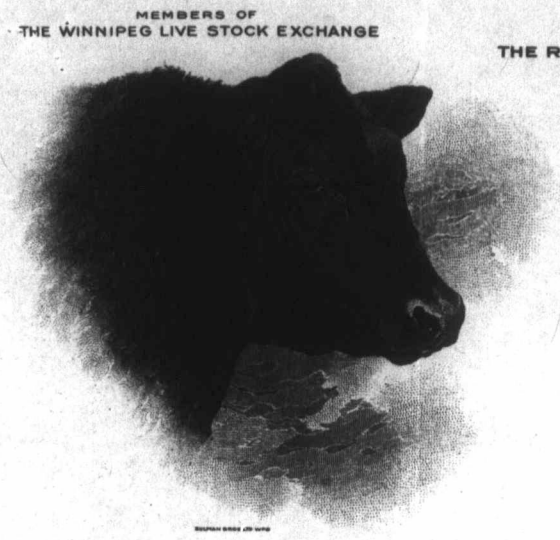
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R. BRUCE BURNS,
CATTLE SALESMAN

KENNETH G. BURNS,
CATTLE SALESMAN

HUBERT J. BURNS,
HOG SALESMAN.

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in
Cattle, Sheep and Hogs

TELEPHONE 202 383
ROOM 308, EXCHANGE BUILDING
UNION STOCK YARDS
Winnipeg,
MANITOBA

May 6th, 1932.

The Hon. A. Meighen #2.

At present there are a few firms in the old country who are placing big orders for Canadian cattle, buying them on the open market. If this scheme of Arkell's were successful these buyers would be forced off our market as they could not compete against prices raised by such fictitious methods as Arkell suggests. Do you figure the British representatives to the coming Imperial Conference would take kindly to this plan of subsidizing exporters? I imagine it would run up agains their dumping regulations. This Arkell plan would ruin Canada's prospect for successfully developing her export trade and cause great financial loss to Canada generally.

I think it is time that these theorists were slowed up in their maneuvres and practical men be heard and allowed to carry on the country's various businesses in the ways that experience has proved to be sound.

Arkell has managed to get the Pool farmers saddled with abattoirs at Edmonton and Saskatoon, and, I believe, at Yorkton and Regina -- more loss for the farmers of the west as well as the towns who eventually have to pay the farmers' losses by means of increased taxes.

If you have any suggestion as to how we men in the trade can help the situation by publicity or personal work, would be pleased to hear from you.

With kind regards, I remain

Yours very truly, R B Burns

P.S. Do not underestimate the importance of attending to this matter. To lose out here just means another backward step.

The writer has had the pleasure of meeting and talking with you both at Winnipeg and Ottawa.

I have written the Premier, Mr. Weir, and a few other members along similar lines.

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Form 6122, replacing Form 1-TW

CLASS OF SERVICE	SYMBOL
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WH MONTREAL QUE MAY 13 1932

RT HON ARTHUR MEIGHEN

THE SENATE OTTAWA ONT

H S ARKELL FORMER LIVESTOCK COMMISSIONER DEPARTMENT AGRICULTURE DESIRES CONFER WITH YOU TODAY RE BONUS SCHEME EXPORT MARKETING HAVING COMMENDABLE FEATURES UNDERSTAND HONOURABLE WEIR ALREADY FAVORABLE

W J BLACK

913AM

124608

USE OUR DIRECT ALL CANADA SERVICE TO VANCOUVER, VICTORIA AND BRITISH COLUMBIA POINTS

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CANADA

124609

43

Ottawa, May 26th, 1922.

Dear Mr. Burns,-

I have your letter of the 21st instant which I have read very carefully. I am sorry that Mr. P. Burns has gone because I wanted to discuss the subject with him before the Session ended. The rush was very great toward the close.

No step has been taken this Session such as your letter warns agains. I am, however, having Hansard sent to you, containing the speech in the House made by the Minister of Agriculture yesterday.

Yours very truly,

Encl:-Hansard.

R.B. Burns, Esq.,
c/o Burns Brothers,
Room 308 Exchange Building,
Winnipeg, Man.

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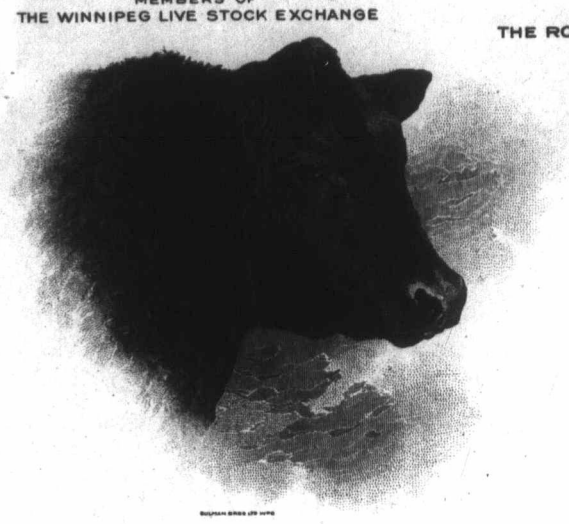
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R. BRUCE BURNS,
CATTLE SALESMAN

KENNETH G. BURNS,
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HUBERT J. BURNS,
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Live Stock Commission Agents
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Cattle, Sheep and Hogs

TELEPHONE 202 383
ROOM 308, EXCHANGE BUILDING
UNION STOCK YARDS
Winnipeg,
MANITOBA

May 21, 1932.

124610

The Hon. A. Meighen,
House of Commons,
Ottawa, Ont.

Dear Sir:

I received your letter dated May 11th in reply to mine of an earlier date. I wish to thank you very much for the interest you have taken.

In your reply you mention that the Minister of Agriculture is most anxious to regulate the quality of exports and also to stiffen local prices by expanding exports. In this connection would point out that it is the general opinion that the law of supply and demand should govern this entirely. Some of the most outstanding statemen for many years have held this view.

I have informed Mr. Bennett that I intend to try and arrange an interview with Senator P. Burns. I have every confidence in Mr. Burns' opinion. He understands the export situation thoroughly and would recommend you seeing him if you are in need of some advice.

I have received a copy of Hansard dated May 13, 1932, which is to a great extent responsible for the following letter. I trust that you will have the patience to read it .

After reading Hansard I am more than ever convinced that the movement to form a National Market Board is from Pool sources and sympathizers. The motive is to a great extent the Pool's need of more money for salaries and other expenses. As evidence of this need see Hansard of May 13, 1932, page 3143.

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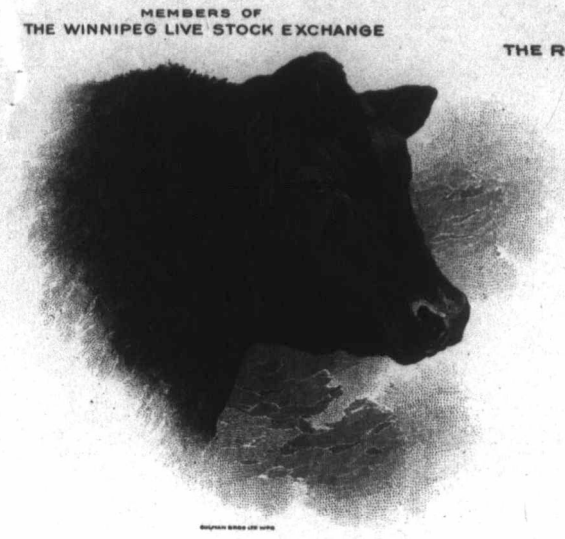
124611

R. BRUCE BURNS,
CATTLE SALESMAN

KENNETH G. BURNS,
CATTLE SALESMAN

HUBERT J. BURNS,
HOG SALESMAN.

MEMBERS OF
THE WINNIPEG LIVE STOCK EXCHANGE



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ROOM 308, EXCHANGE BUILDING
UNION STOCK YARDS
Winnipeg,
MANITOBA

May 21, 1932.

The Hon. A. Meighen #2.

You will notice from the speeches in the House that these Pool partisans are continually dwelling on the bad condition of the farmer at present and ignore the fact that the Pools have been the greatest cause of the country's depression, outside of general world conditions.

The cattle Pool's market agencies have for years been taking deductions off the sales of the producer's live stock, 2½% of the gross from stock originating in Saskatchewan, which would mean anywhere from $25 to $40 per car according to the value of stock at the time, and 1% of the gross from stock originating in Manitoba. A few years ago I estimated that the Winnipeg office would keep back in one year around $50,000.

Now, the stand that I take is that if these Pool people are endeavoring to get more deductions, ostensibly to promote the export trade, that it should be perfectly in order for your government to demand accounting as to the amount of deductions taken and as to how they were disposed of. Hansard states this money is all gone. The Pools should also state what they have done with the government loans or grants, both Dominion and Provincial.

You will notice how these schemes come along regularly when the finances get low. You can take it from me, the farmer is going to rebel against more deductions. The farmer is praying to be relieved of these agricultural experts so that he can be left undisturbed to rebuild his credit by work and economy.

I would draw your attention to page 3143 of Hansard, May 13, 1932, right hand column. It refers to the Canadian Live Stock Pool as the only logical organization to handle Canada's surplus exportable live stock. The speech is by Mr. Garland of Bow River. The statements in regard to the export cattle are most untrue.

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CANADA

R. BRUCE BURNS,
CATTLE SALESMAN

KENNETH G. BURNS,
CATTLE SALESMAN

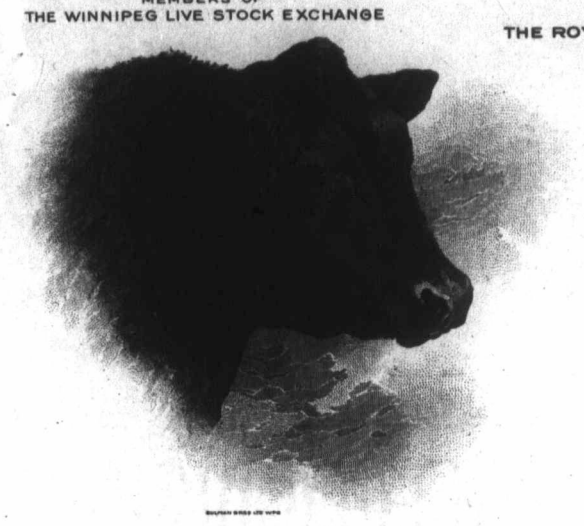
HUBERT J. BURNS,
HOG SALESMAN.

MEMBERS OF
THE WINNIPEG LIVE STOCK EXCHANGE

BANKERS
THE ROYAL BANK OF CANADA
WINNIPEG

TORONTO REPRESENTATIVE
QUINN & SON
UNION STOCK YARDS

124612



Burns Bros.

Live Stock Commission Agents
in
Cattle, Sheep and Hogs

TELEPHONE 202 383
ROOM 306, EXCHANGE BUILDING
UNION STOCK YARDS
Winnipeg,
MANITOBA

May 21 1932.

The Hon. A. Meighen #3.

In 1931 Burns Bros. received an order from the firm of Boothman & Caplan to buy cattle for their account. During that year we bought for and forwarded to this firm in Birkenhead a total of 1900 cattle. At the close of that season Messrs. Boothman & Caplan wrote us a splendid letter of appreciation of our services.

According to Mr. Garland in the same Hansard mentioned before the Pool Lost $10 per head, and used up all available cash on hand. on export cattle

During the present year, starting February last, Burns Bros. have shipped a total of 1400 cattle, purchased for the account of Boothman & Caplan, and we figure on increasing the numbers when boat space and cattle are more plentiful.

Last week we shipped 283 cattle. Five loads of this shipment were bought from G. Ross at Lethbridge at 6.00 per lb. point of shipment, weighed at Winnipeg, which is practically the same as paying 6.50 per lb. Winnipeg. Two loads were bought from Mr. Cross of Lethbridge at 5.50 per lb. same terms as the Ross cattle. Balance of the shipment was purchased in Alberta and on the Winnipeg market.

Our shipment for the present week consists of 190 cattle. Two loads were bought from G. Ross of Lethbridge at 6.00 per lb. point of shipment, balance bought on the Winnipeg market.

How do the above prices look to you? These men who sold their cattle were well pleased with the prices received. The purchaser Messrs. Boothman & Caplan, and men like the Wm. Brown Co. of Manchester are satisfied to buy these cattle and pay cash for them on the Canadian markets. Is it good policy to force these men off our markets by raising our prices here fictitiously by means of a subsidy?

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

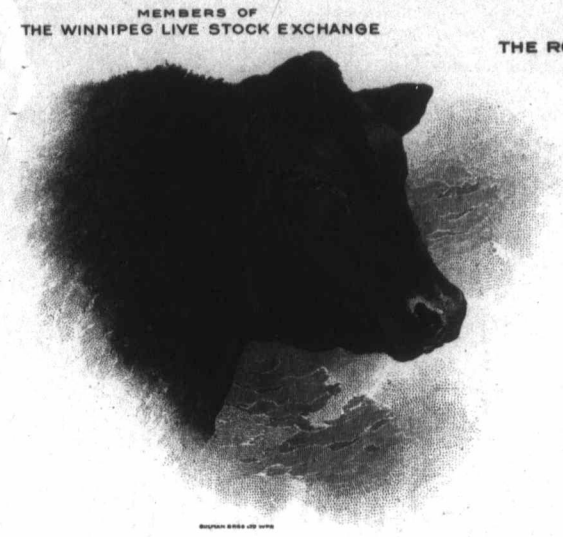
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CANADA

R. BRUCE BURNS,
CATTLE SALESMAN

KENNETH G. BURNS,
CATTLE SALESMAN

HUBERT J. BURNS,
HOG SALESMAN.

MEMBERS OF
THE WINNIPEG LIVE STOCK EXCHANGE



BANKERS
THE ROYAL BANK OF CANADA
WINNIPEG

TORONTO REPRESENTATIVE
QUINN & SON
UNION STOCK YARDS

Burns Bros.
Live Stock Commission Agents
in
Cattle, Sheep and Hogs

TELEPHONE 2Q2 383
ROOM 308, EXCHANGE BUILDING
UNION STOCK YARDS
Winnipeg,
MANITOBA

24613

May 21, 1932.

The Hon. A. Meighen #4.

The suggested subsidy of the promoters of the National farm board sbheme would kill the export trade. It would antagonize the British the same as happened with our wheat. It would cause the consumer to rebel as well as any clear thinking farmer. It would mean more taxes which would fall largely on the towns and cities, to pay the losses of exporters to Britain who appraised their cattle on the prices unnaturally raised on the home market.

The men generally opposed to the board idea are men who elected the Conservative party, those generally in favour of it are Pool partisans who have brought the country where it is today and who wish to replenish their resources with government funds.

It is apparent to a reader of Hansard that the opposition are patting Mr. Weir on the back. This in itself should put Mr. Weir on his guard. It looks as though Mr. Weir leans towards pools and their theories and the opposition are not slow in taking advantage of this opening.

The Hon. Motherwell, according to Hansard of May 13, 1932, page 3149, suggested having a man go to the old country and explain the market board scheme to the British delegates and return with them to Canada on the same boat. I wonder if he has Jack Byers in mind for this job. Byers is on his way at present with a shipment of Rod McCleay's cattle to Britain and has unburdened himself to the press that he figures on studying the old country situation, whatever that means. I wonder if he is figuring on getting the Dominion Government to foot the bill for his trip. I do not fancy Byers as a Canadian representative to Britain.

Thanking you, I remain

Yours truly,

BURNS BROS. per R. B. Burns

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
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CANADA

124614

Ottawa, May 27th, 1932.

Dear Mr. Caulder,-

I have your letter of the 26th instant.

Your telegram was also duly received and I took the matter up with the Minister. Personally, I am somewhat concerned about the result of this and will follow very carefully the working out of the tax. I will be only too pleased if you will keep me advised at Toronto.

Yours very truly,

J.A. Caulder, Esq.,
President, Dairy Corporation
of Canada, Limited,
80 King Street West,
Toronto, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
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CANADA

124615

DAIRY CORPORATION OF CANADA
LIMITED

HEAD OFFICE
80 KING STREET WEST

J. A. CAULDER,
PRESIDENT AND MANAGING DIRECTOR

TORONTO

May 26, 1932.

Rt. Hon. Senator Meighen,

OTTAWA, Ontario.

Dear Senator Meighen:-

Enclosed find copy of wire sent you on the evening of the 24th. I just hate to think that we are likely to have to pay or collect this tax. Certainly our business cannot stand it and I feel that most other companies are in exactly the same position. The prices we are now paying the producers are terrible. Naturally, the more difficult it is for us to break even and to make expenses plus interest on the investment, the more strenuously we are going to try to get more for our goods and to buy the raw products cheaper. The trouble is that competition is so keen to-day that it is almost impossible for us to increase our prices and, on the other hand, the prices we are now paying the producer are so ridiculously low that it is very difficult for us to ask him to stand any more. Personally, I am willing to pay my share of the taxes. I know the money must be raised somehow but I cannot help but feel this is the wrong kind of a tax. Personally I do not object to a tax being charged on all ingredients which would, I figure, give the Government about one half what they would get from the tax based on 6% of the selling price, or I would not object very seriously if the ingredients are not taxed but if the tax were fixed at four or five cents per gallon instead of a certain percentage as that basis will lead to all kinds of abuses which cannot very well be eliminated. I can imagine the Eaton Company or the Simpson Company, large manufacturers who, of course, only make for their own retail sales - they might charge the sales department 40¢ per gallon or 60¢ per gallon, and thereby only pay a tax of two or three cents per gallon, whereas in Montreal where our selling price includes cabinet rentals and maintenance and heavy delivery expense, the tax would be 9¢ per gallon.

I hope we will yet receive some consideration on this matter.

With kindest personal regards,

Sincerely yours,

J. A. Caulder

'RS J. A. CAULDER.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
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Form 617, replacing Form N.L. 2-T.W.

NIGHT LETTER

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Send the following Night Letter, subject to the terms on back hereof, which are hereby agreed to

RT. HON. SENATOR MEIGHEN,
SENATE CHAMBER,
OTTAWA, Ont.

MAY 24, 1932.

WE ARE DISAPPOINTED AND WORRIED OVER FINANCE MINISTERS STATEMENT YESTERDAY REGARDING SALES TAX ON ICE CREAM STOP TODAYS BUYING PRICES ON DAIRY PRODUCTS LOWEST IN HISTORY OF INDUSTRY AND ALMOST EVERY DAIRY COMPANY STRUGGLING TO BREAK EVEN I FEAR THIS TAX WILL SERIOUSLY AFFECT OUR OWN ORGANIZATION STOP COMPETITION WILL NOT ALLOW US TO PASS THE TAX ON TO CONSUMER AND NEITHER PRODUCER NOR MANUFACTURER IS ABLE TO STAND IT STOP EVEN IF TAX REMAINS SURELY IT WILL BE CHANGED TO FOUR OR FIVE CENTS PER GALLON AS PERCENTAGE BASIS MOST UNFAIR TO MANY STOP HOPE TAX WILL BE WITHDRAWN ON FINISHED PRODUCTS WITH ALL COVERINGS TAXED WHICH WILL BE ALL THE INDUSTRY CAN STAND SORRY TO BOTHER YOU ON THIS BUT WILL APPRECIATE YOUR ASSISTANCE IF YOU FEEL OUR ARGUMENT IS SOUND THERE IS NO DOUBT MY MIND PRODUCER WILL BE AFFECTED.

J. A. CAULDER

(Charge Dairy Corpn.)
COPY

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

CANADA BUD BREWERIES LIMITED

TORONTO
CANADA

PHONE
ADELAIDE 2474-2475
OFFICE OF CHAS. E. KIEWEL,
MANAGING DIRECTOR

DUNDAS ST. WEST
AT SIMCOE ST.

July
23rd,
1932.

Rt. Hon. Arthur Meighen,
The Senate,
Ottawa, Ontario.

Dear Senator:

I wish to acknowledge your favor of the 21st instant, and thank you for your kind consideration in the matter referred to.

I will arrange to have our Mr. R.C. Corbin go down to Ottawa early next week to take up in detail, with Mr. Breadner, the subject under reference.

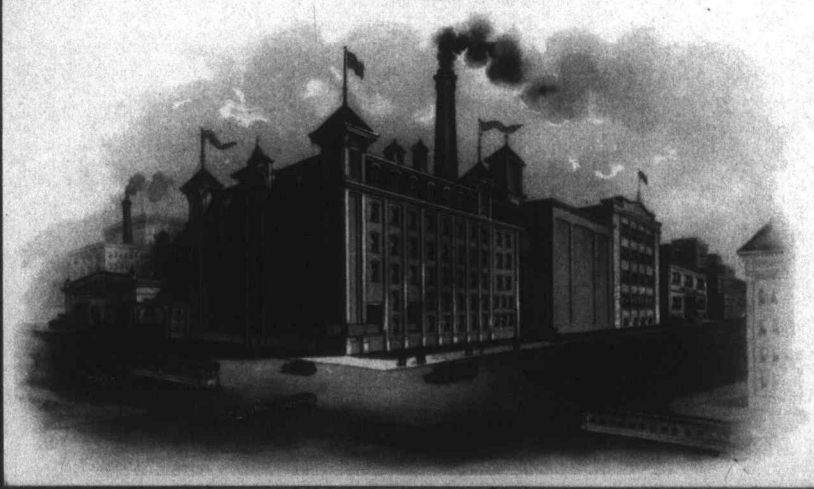
I wish to again express my appreciation of the interest shown by you in this connection, and remain,

Respectfully yours,

CANADA BUD BREWERIES LIMITED.

Chas. E. Kiewel
Managing Director.

CEKiewel:HC.



MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
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124618

43

Ottawa, July 29th, 1932.,

Dear Mr. Mitchell,-

I am just in receipt of your letter of the 27th instant. It happens that I came down to Ottawa today, but, as a matter of fact, I am nearly all the time in Toronto. The illness of Mr. Evans compells my constant attention to business there.

I have read your letter with the deepest interest. It is exactly in situations such as you present that the great difficulty of this Conference comes. I feel sure Mr. Bennett is not in a mood to sacrifice Canadian industries. Methods of reciprocity must be found which will be consistent with our standards for living or labour, and with the continuance of fundamental stable industries.

I hope you have sent a letter along the lines of this one to Mr. Bennett himself.

Yours very truly.

Wm. Mitchell, Esq.,
President, The Circle Bar Knitting Co., Ltd.,
Kincardine, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

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Mfrs. Circular and Full Fashioned Hosiery

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W. G. KEEBLER, VICE-PRESIDENT

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A. D. MITCHELL

CIRCLE BAR REGISTERED HOSIERY

SILK, CASHMERE, RAYON and COTTON HOSIERY for MEN, WOMEN and CHILDREN

MILLS AT OWEN SOUND AND KINCARDINE, ONT.
(Head Office)

July 27, 1932.

Right Honourable Arthur Meighen,
Parliament Buildings,
Ottawa, Ontario.

Dear Mr. Meighen:

We are erecting -- started building first of May, hope to have equipped and running by December -- a three story and basement building fifty feet wide and a hundred and twenty feet long inside, with additional outside space for testing room, dye house etc., for the purpose of spinning Dry Spun or Drycombed Botany yarns.

The duty on Dry Spun Botany yarns coming in from England at the present time is only ten percent less ten percent British preference and ten cents a pound which is not too much, as roughly speaking we pay in Canada just double the wages for both male and female help that they pay in England, also our machinery and upkeep costs us more. This addition of ours when running to the capacity we have planned will give employment to around a hundred and twenty more people, both male and female, in Kincardine.

Regarding hosiery and the tariff on same. Since the change made when the Bennett Government came into Power the Canadian Hosiery Manufacturers, of which there are a great many, have majority of the Canadian market. Internal competition is very keen, but we employ our own Canadian people and the money remains in Canada and the Public are buying well made, high grade hosiery of Canadian make at lower prices than any time during the last twenty years or more, also the Canadian Hosiery Manufacturers are giving a lot of employment which is so badly needed now. In our own factories last Saturday we paid wages to Two Hundred and Forty-Four people. If the tariff on hosiery had remained another year as it was during the King Government Regime we

Would be out of business, causing more unemployment.

THE WRITER OF THIS LETTER WILL APPRECIATE YOU WEARING CIRCLE-BAR HOSIERY
THEY WILL GIVE YOU MILES OF SATISFACTORY WEAR

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

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W. G. KEEBLER, VICE-PRESIDENT

Directors:
WM. MITCHELL W. G. KEEBLER
A. D. MITCHELL

CIRCLE BAR REGISTERED HOSIERY

SILK, CASHMERE, RAYON and COTTON HOSIERY for MEN, WOMEN and CHILDREN

MILLS AT OWEN SOUND AND KINCARDINE, ONT.
(Head Office)

Rt. Honourable Arthur Meighen.

I am enclosing part of the front page showing the heading of the Toronto Star for Monday the 25th inst., and while I realize that the "Star" is frequently unreliable it rather alarms me, for any lessening of tariff against England on kind of goods that we and many others manufacture and propose manufacturing would bring about conditions as they were during 1930, which would mean less production and less employment and eventually closing down.

I have always thought and stated that the tariff can to the advantage of Canada be a hundred or a thousand percent on any articles that people can start in manufacturing without too much capital, for any little bit of success brings more competition. This belief of mine has been proven in Hosiery Manufacturing. Twenty-five years ago there were only five or six hosiery manufacturers in Canada, to-day over eighty, and the Public are getting splendid values . The Mills are not making money this year, but they are carrying on and giving employment. Canadians are as clever a race of people as any in the World; Give them permanency of tariff and their home market and they will make goods for the Purchasing public equal in Quality and Value to any in the world. It is the cursed doubt of what is going to happen and the frequent changes of the fiscal policy that is so detrimental.

Machinery for our Dry Spinning Plant is coming from Messrs. Prince, Smith and Stells Limited, Keighley, Yorkshire, Englamd, and first installation amounts to over £15000. 0. 0.

We will use some Canadian wool, but a considerable percentage of the wool we will use for spinning Dry Spun Botany yarn will come from Australia.

With kind personal regards,

Yours very truly,
A. D. Mitchell

WM/GH.

THE WRITER OF THIS LETTER WILL APPRECIATE YOU WEARING CIRCLE-BAR HOSIERY
THEY WILL GIVE YOU MILES OF SATISFACTORY WEAR

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PUBLIC ARCHIVES
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CANADA

"DO IT MYSELF" REPLY OF CANADIAN PREMIE TO COTTON TRADE HE

Bennett Determined to Slash Tariffs Drastically, Ottawa Hears

HAVE TEXTILE TAX

Special to The Star

Ottawa, July 25.—The most surprising news of the Economic Conference is already taking definite shape. The belief that the Canadian prime minister is determined to grant drastic reductions in the tariff against British cottons, woollens and motor cars is conceeded here in well-informed circles to-day.

Dissatisfied with the first report of possible concessions that the Canadian cotton and woollen trades voluntary offered to the British manufacturers at the demand of the premier, it is rumored to-day. Mr. Bennett on Saturday asked for more generous concessions threatening to "do it myself" if what they had already offered was the best they could do.

General lowering of the Canadian tariffs on British textiles and motor cars instead of the diversion of present importations from foreign countries to Great Britain, as was the counter proposal of the Canadian manufacturers, is foreshadowed already by events behind tiled doors, according to well-founded rumor.

The presence of R. W. Bradner, [illegible] Two

DO IT MYSELF' REPLY OF BENNETT TO TRADE

(Continued from Page One)

Canadian customs commissioner, and Hector MacKinnon, tariff commissioner, at this afternoon's committee on promotion of empire trade was taken to mean that the Canadian delegation was prepared to get down to cases. Canada sent a very strong group to this fternoon's session, headed by Rt. Hon. R. B. Bennett, and including Hon. E. N. Rhodes, Hon. H. H. Stevens, and Hon. C. H. Cahan.

The achievements of the unofficial sub-committees on butter will, it is expected, be laid before the delegates this afternoon.

Hon. H. H. Stevens, Canadian minister of trade and commerce, was noticeably well supplied with document cases and portfolios of official documents. Just before he entered the Senate railway committee room he sent for another large bundle of documents. It looked as though he was prepared for a speech.

A single ad valorem duty on textiles from Britain, not more than half the total barrage of duties which now confront consignments from Lancashire arriving at Canadian ports of entry, is being sought by the British textile interests as one of the concessions from Canada.

It is regarded as a significant coincidence that a meeting of the committee on customs administration was suddenly called at 12 noon today. This had not been previously scheduled, and it is believed they wish to elect a chairman and set a date for early meeting to discuss the objectionable features of the Canadian textile duties.

At present a package of cotton goods coming to Canada is met with the following series of duties: Ad valorem, specific, dump, excise tax of three per cent., and six per cent. sales tax. In some cases a value for duty purposes is arbitrarily set as well.

British exporters find this series obnoxious. They have already said so in the cotton conversations which took place at Montreal a month ago. They wish substituted a simple ad valorem tax of not more than 20 per cent. The present duties mount up to forty, fifty, sixty per cent., and even higher on some consignments.

The uncertainty as to what the duty will be, due to fluctuating dump duty, and the power of the Canadian government to impose without notice arbitrary "fair market values," is another feature of the Canadian customs administration which is being [illegible] against.

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SILK, CASHMERE, RAYON and COTTON HOSIERY for MEN, WOMEN and CHILDREN

MILLS AT OWEN SOUND AND KINCARDINE, ONT.
(Head Office)

for 2 M 4

File at Ottawa

COPY

July 30, 1932.

Honourable R. B. Bennett,

Premier of Canada,

Ottawa, Ontario.

Dear Mr. Bennett:

Knowing your time is very fully occupied I wrote on the 27th instant, to Hon. Arthur Meighen as per enclosed copy.

Mr. Meighen replied under date of the 29th instant, and ended his letter by saying, "I hope you have sent a letter along the lines of this one to Mr. Bennett himself." Therefore, I am sending you copy of letter to Mr. Meighen which sets forth our position and of others in Canada in the same line of manufacturing business as ourselves.

Yours truly,

THE CIRCLE BAR KNITTING CO. LIMITED.

PER

WM/EI

PRESIDENT.

THE WRITER OF THIS LETTER WILL APPRECIATE YOU WEARING CIRCLE-BAR HOSIERY
THEY WILL GIVE YOU MILES OF SATISFACTORY WEAR

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MILLS AT OWEN SOUND AND KINCARDINE, ONT.
(Head Office)

File at Ottawa

August 2, 1932.

Rt. Honourable Arthur Meighen,

Toronto, Ont.

Dear Mr. Meighen:

On Saturday afternoon I received your letter of the 29th ultimo, and immediately sent a copy of the letter I had written you to Mr. Bennett. Also, I am enclosing you a copy of the letter which I wrote Mr. Bennett along with the copy of your letter.

I was sorry to read in last Saturday's paper that your partner, Mr. Evans, is dead.

Yours very truly,

W Mitchell

WM/GH.

THE WRITER OF THIS LETTER WILL APPRECIATE YOU WEARING CIRCLE-BAR HOSIERY
THEY WILL GIVE YOU MILES OF SATISFACTORY WEAR

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PUBLIC ARCHIVES
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CANADA

W. D. ROSS,

124624

NORTHERN ONTARIO BUILDING
330 BAY STREET,
TORONTO, 2.

September 13th, 1932.

Rt. Hon. Arthur Meighan,
Toronto, Ont.

PERSONAL

My dear Mr. Meighan;

I enclose herewith letter received from Mr. Sherman, with memorandum attached. I wonder if you would have time to read both.

Should Sherman get what he considers a fair deal, his industry would continue as a growing and prosperous one. I do hope you will see that it is in the interests of Canada that the consideration he asks may be given. My discussions with you, as you quite understand, are friendly and confidential, because I do not want to be considered in any way butting into the affairs of tariff, which, of course, in turn are affairs of Government.

Yours sincerely,

W. D. Ross

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
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CANADA

1246625

Dominion Foundries and Steel
Limited
Hamilton, Ontario

September 10, 1932.

Honorable W.D.Ross,
Northern Ontario Bldg.,
330 Bay Street,
Toronto, Ont.

Dear Mr.Ross:

Enclosed please find memorandum of an actual plate transaction which we believe could be continued indefinitely under the present wording of the plate tariff.

On the other hand if the tariff item were reworded it would in our opinion and so far as we know comply with all the suggestions made by the British at the Montreal Conference and carried forward to Ottawa both by them and ourselves.

The only point left open for the Canadian Government to decide was the dividing line of tariff between 60" and 78" and we have hopes of the 78" which just covers the Canadian capacity. Whatever is done let us have it on a firm basis made possible by the rewording of the tariff, thus making any split effective.

Attention is called to the fact that a plate 60" wide x 3/8" thick has the same physical properties in girder work as a plate 72" wide x 5/16" thick. Thus, the fabricators can engineer as well as shear duty free plate into our size, and this suggested wording of the tariff would be very helpful as well as easily administered by Customs.

Yours very truly,

C W Sherman

CWS:JM

President.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124626

COMMISSIONER OF CUSTOMS
CANADA

OTTAWA, 15th September, 1932.

Rt. Hon. Arthur Meighen, K.C., (Senator)
Canadian General Securities, Limited,
TORONTO, Ontario.

Dear Senator Meighen,-

I am in receipt of your letter of the 14th instant with enclosures from Mr. Sherman of the Dominion Foundries & Steel, Hamilton, regarding the tariff status of hot or cold rolled plates of iron or steel as covered by the Anglo Canadian Agreement.

I note you intend to be in Ottawa at an early date and if you will kindly call at this office I shall be pleased to discuss this matter confidentially with you.

Yours faithfully,

Commissioner of Customs.

RWB:

Note
Had interview on
October 7th - /32

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
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CANADA

124627

September 14, 1932.

PERSONAL

R. W. Breadner, Esq.,
Commissioner of Customs,
Ottawa, Ontario.

Dear Mr. Breadner:

I am enclosing a memorandum which has been forwarded me by Mr. Sherman of the Dominion Foundries & Steel, Hamilton; also copy of letter which he has written me dated 10th September. Have gone into this matter rather fully. There is some apprehension that this Company may be sacrificed under present arrangements. They have put a lot of money into their plant and I can see no reason why they should not get reasonable protection up to 70" plate widths. A protection up to 60" is so easily divisible into foot widths and multiple thereof that it amounts to very little.

Will be glad indeed to see you about this as soon as I can be in Ottawa. Meantime, if there is anything you can let me know it will oblige,

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124628

September 16, 1932.

Mr.C.W.Bell, M.P.,
Sun Life Building,
Hamilton, Ont.

Dear Mr.Bell:

Attached please find the Imported and Made in Canada total plate figures for eight months of the current year.

We analyze the first four months during which time we were equipped to roll plate up to 66" wide under a 60" tariff, and we succeeded in booking 41.4% of the total as against 58.6% imported. You will notice that every month except April shows over two-thirds of Canada's total plate requirements as imported. Our April production was helped by the 78" mill operation which started about the middle of the month.

In the next four months - May figures show 31.9% Made in Canada and 68.1% Imported. We succeeded in changing the August percentage to 79.1% Made in Canada and 20.9% Imported. The total for the four months shows 55.1% Made in Canada and 44.9% Imported.

The August figures correspond closely to our original estimates before building our mill of 80% of the plate demand in Canada being within its capacity. This percentage of demand was changed from 60" to 72" by reason of the Free entry of plate of this width and by dumping under exchange conditions. It, therefore, became a matter of self preservation for us to widen our mill and overtake this loss of volume, which we did.

Attention is called to the fact that the British claim the widening of our mill was sharp practice to gain their tonnage, but as a matter of fact we have not yet gained what we lost to them through their practices and the combination of tariff and exchange.

We increased our percentage at an expense of 40 cents (8d) in the drop of selling price below the fair market value for (4d) which plates are sold in Great Britain and 20 cents below the fair market value for which plates are sold in Buffalo, N.Y., our nearest North American competition, all in the respective currencies of the three countries.

also. J.S.M.
re taking effect tariff

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

We therefore set up that our tariff should be changed to the 78" basis in order to hold the tonnage that was originally purchased in Canada under the 60" basis.

We further point out that 84" rolls are standard lengths for Jobbing Plate mills as well as regular plate mills and that more tonnage of plate is rolled in the world on this length rolls than any other size, and that substitution by engineering or shearing from size beyond 78" width to below the 78" width becomes more difficult and more expensive after the 78" width is passed.

We call attention to reports in the morning press of storing wheat in Calgary due to 52 cents a bushel not being a profitable price, while this is going on in Imported steels.

In reference to the August figures let me explain that the American Petroleum Institute changed their specifications from 60" standard width for tank construction to 72" standard width for tank construction after we decided on the 60" mill, and that the August figures are incident to Shell Oil Tank constructions for which we received large orders of 72" plate. This and other 72" plate brought our total rollings during the month in widths beyond 66" up to 63% of our total.

We have previously submitted figures showing that the total Import plate during 1931 amounted to $600,000 from the U.S., and of this $600,000 an estimated $300,000 of Empire Trade may be involved in giving us a 78" tariff, whereas, nearly $9,000,000 of other steels came from the U.S. and are a fertile field for Empire trading. We point out to you how the British Export Steel pool in combination with the U.S.Export pool and the Canadian members of these pools are shooting at our small tonnages with the broad idea of disturbing our future operation.

These pools are not worrying about the small plate tonnage but rather over the idea that we are efficient and basic to Canada having made steel that had over 90% Canadian content, and the small cost of converting our plate to sheets, or our plate to pipe, along with the future Made in Canada competition that our success may develop, are the real reasons why such a hard drive has been made on this small tonnage of plate.

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Mr.C.W.Bell,M.P. September 16,1932.

We well understand the economics of Canada directing her tariff towards the use of ore from the U.S. at $5.25 per ton while that same class and kind of ore is being used in the U.S. and Great Britain for making steel for Canada at a price of $1.50 to $2.00 per ton, and its resultant effect on our pig iron supply, particularly so when pig iron is made dutiable into Canada.

We also understand that under demand the price of scrap follows the price of pig iron and pools may suggest a tariff setting to destroy our spread by increasing the cost of raw and reducing the selling price on our products.

As explained to you this is an old thread-bare practice in the steel business and precedents for stopping it were established by President Roosevelt after the McKinley tariffs in combination with the United States Steel Corporation organization of various companies made a monopoly producing 65% of the steel capacity of the United States.

That monopoly started the same practice of destroying spreads, and the story goes that President Roosevelt called in Judge Gary, the head of that Corporation, and told him to quit that practice and be a good industrial citizen or the Government would take charge.

Since that edict the big Corporation has gained the reputation of being a good industrial citizen in the United States but believe me when they step outside of that country with their world wide export affiliations they still wear "horns".

Attention is drawn to the fact that both our 40" and 60" tariffs were effective until exchange hit us. The $4.40 pound reduced the Preferential tariff on plate 60" and under in width from $4.25 per ton to 65 cents in effect. The $3.95 pound for width beyond our tariff and within our capacity results in a tariff deficiency of $7.00 to $9.00 per ton for that size, and it seems to us that the least the Government could do would be to restore the $4.25 on our width along with the $4.40 pound for Customs purposes, which only places us on a Free trade basis with Great Britain for all plate within our capacity of 78". These figures are exclusive of the fact that exchange reduces their costs.

Yours very truly,

CWS:JM President.

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124631

PLATE STEELS

1932	MADE IN CANADA		IMPORTED				
	60" AND UNDER	%	60" AND UNDER	OVER 60"	TOTAL		%
January	1,752		250	2,192	2,442	Net Tons	
February	1,240		105	1,417	1,522	"	
March	1,577		263	3,510	3,773	"	
April	1,650		195	851	1,046	"	
	6,219	41.4%	813	7,970	8,783	"	58.6%

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124632

PLATE STEELS

At this time our Mill was in 78" production:

1932	MADE IN CANADA					IMPORTED			
	60" AND UNDER	61" TO 66"	67" TO 78"	TOTAL	%	60" AND UNDER	OVER 60"	TOTAL	%
May	1,020	34	491	1,545	31.9	765	2,526	3,291	68.1
June	743	13	348	1,104		275	459	734	
July	1,409	11	674	2,094		228	1,042	1,270	
August	944	22	1,628	2,594	19.1	261	423	684	20.9
	4,116	80	3,141	7,337	55.1	1,529	4,450	5,979	44.9

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(From Canadian Economic Research Bureau
Bulletin July 29,1932)

IMPORTS OF IRON AND STEEL PRODUCTIONS INTO CANADA FROM THE UNITED STATES IN THE YEAR ENDING MARCH 31,1931 AND MARCH 31,1932.

	1931	1932
Plates and Sheets -		
Plates, hot or cold rolled, more than 60 inches in width, n.e.p. -	$1,461,620	$ 621,058
Sheets, plates, hoop, band or strip, coated with tin, of a class or kind not made in Canada, n.e.p. -	5,395,256	6,011
Sheets, hot or cold rolled, .080 inch or less in thickness, n.e.p.-	3,139,132	1,856,438
Sheets, hoop, band or strip, of iron or steel, hot rolled, when imported by manufacturers for use exclusively in the manufacture of sheets, hoop, band or strip, coated with zinc or other metal or metals, not including tin, in their own factories, -	2,355,811	349,864
Skelp of iron or steel, hot or cold rolled, for use exclusively in the manufacture of pipes and tubes, not more than 14 inches in width, -	3,141,129	1,604,995
Skelp of iron or steel, hot or cold rolled, for use exclusively in the manufacture of pipes and tubes, more than 14 inches wide, -	1,051,026	252,006
Structural Iron and Steel - Iron or Steel angles, beams, channels, columns, girders, joists, piling, tees, zees, and other shapes or sections, not punched, drilled or further manufactured than hot rolled, weighing not less than 35 pounds per lineal yard, n.e.p. -	3,482,179	1,882,392
Iron or steel angles, beams, channels, Columns, girders, joists, piling, tees, zees and other shapes or sections, not punched, drilled or further manufactured than hot rolled, n.e.p. -	1,230,649	1,664,967
	$21,256,802	$7,237,731
We add:		
Sheets for tinning (From July 1930)	964,738	1,642,355
	$22,221,540	$8,880,086

124633

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124634

THE STUDY OF STEEL PRODUCED IN OR FOR CANADA AND EMPIRE TRADE.

Made from U.S.	Ore	at	$5.25	or Canadian Pig Iron	at $19.00
" "	"	"	4.75	" U.S. Pig Iron	at $14.00
" "	"	"	2.00	" U.S. Pig Iron	at $11.00
" "	British	"	1.50	" British "	" $11.00
" "	European	"	1.00	" European "	" $ 9.00
" "	Indian	"	.50	" Indian "	" $ 7.00

Any can be mixed with Canadian scrap base for steel making in Canada.

We take it that every one knows that 53% of all steel produced the world over is made from scrap, that scrap now exceeds ore in volume and excels ore for quality steel, and that scrap is plentiful in Canada.

Common Labor at:

$3.50 per day in North America
1.00 " " " Great Britain
.90 " " " Europe
.20 " " " India

plays its part in the Industrial world competition brought close by improved transportation.

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124635

MEMORANDUM

Steel is the base of all industry. Attention is drawn to the Montreal Rolling Mill and Queen Street Hamilton Mills having operated from a scrap base much the same as we are now doing, and when their output became sufficiently large they combined with or purchased the Hamilton Iron & Steel Company blast furnaces.

That is the development history of every steel producing company in Great Britain or the United States including the United States Steel Corporation, yet Canada obstructs such growth of production of steel imported by means of tariffs on raw material needed to mix with Canadian scrap.

Such plants are the only primary steel producers in Canada, but when they attach blast furnaces to their operation using imported ore, imported coal and imported limestone, all from the United States, they lose their Canadian and Empire content percentage.

- THE REMEDY IS DUTY FREE EMPIRE PIG IRON -

Canada makes steel from American ore and also uses the same class of scrap as U.S. plants yet the Canadian users of skelp claim and our tariff sets up that a Class or Kind of steel such as plate skelp is not made in Canada.

- WE ASK A PROPER DUTY ON WIDE SKELP -

Great Britain uses the same Open Hearth process of steel making as we use and their charge of cold pig iron and scrap is a total of about 35% of her steel production. Such plants are showing their superiority over the mass production plants of the United States and Canada.

- WE ASK THAT OUR PROCESS OF STEEL MAKING BE RECOGNIZED AND SUITABLE TARIFFS APPLIED -

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Our Statesmen have done nothing about providing a substitute for high price U.S. ore, but they rather encourage its use by means of tariff, and Canada not only pays but borrows money to pay the U.S. $6.50 extra per ton of steel for every ton of steel produced in Canada from U.S. ore. This is one of the things that explains Canada's constantly increasing National Debt.

It would be reasonable to suppose that our Statesmen would call in an Expert steel maker and enquire the way out of paying such price. My observation suggests that our Statesmen listened to Canadian steel makers using American ores, saying literally in effect, "We must continue our process of steel making and for every 35 cents per ton added to U.S. ore price we must have another $1.00 protection on steel made in Canada".

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124637

COMMISSIONER OF CUSTOMS
CANADA

OTTAWA, 27th October, 1932.

Right Hon. Arthur Meighen, P.C., K.C.,(Senator)
The Senate,
Ottawa, Ontario.

Dear Mr. Meighen:-

I enclose, herewith, papers forwarded to you by the President of the Dominion Foundries and Steel Limited.

Yours faithfully,

Commissioner of Customs.

RWB:H
Encls.

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124638

Dominion Foundries and Steel
Limited
Hamilton, Ontario

October 19, 1932.

Rt.Hon. Arthur Meighen,
Ottawa, Ont.

Dear Mr.Meighen:

The most important item before us today is declaration of the fact that we are making 78" plate, both as to quantity and quality, required by Canada, and we enclose three memorandums,-

1st. Showing the effect of Exchange on steel spreads and an application for the $4.40 Pound valuation on plate we make.

2nd. A copy of the joint recommendation of the British plate makers and ourselves from the Montreal Conference, submitted to Ottawa. Please carefully read paragraphs 1 and 5.

3rd. Copy of letter written Hon. E.B.Ryckman after Mr.Bell and I visited Ottawa last Friday on this subject.

It was suggested we see the Prime Minister, which we were unable to do, and if you could help us by mentioning the matter to him it would be greatly appreciated.

A further memorandum regarding placing of Pig Iron for steel making on the Empire Trade list will be sent to you.

Yours very truly,

DOMINION FOUNDRIES AND STEEL LIMITED,

C.W.Sherman

CWS:JM President.

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STEEL SPREADS AND EMPIRE TRADE 124639

CLASS AND KIND

We favor Empire Trade in steel but not to the exclusion of Canadian manufacturing when made in Canada.

Our August price treatment of plate during the Conference in Montreal, handed out by Exporters of plate from Great Britain by reason of Exchange, was very uncomplementary.

In explanation we state that the British quoted plate in Canada for $1.49½ as compared with $1.90 per hundred pounds Fair Market value in Great Britain, or £8 15s, and $1.70 per hundred pounds Fair Market value at Buffalo,N.Y., our nearest competition in the United States, each priced in their respective funds.

The $3.75 Pound applying to Import plate 67" to 78" wide cuts the British cost of delivering to Canada over 22%.

The 67" to 78" plate is over 60% of our present rollings and placed on the Free list.

In Montreal the British agreed that 78" plate was produced in Canada, and further agreed to withdraw objections to 78" being declared of a class or kind made in Canada.

Such declaration at 78" and the $6.00 tariff, plus U.S. Exchange, plus the $4.40 Pound,leaves the British about $12.00 protection against the U.S. Imports of plate over 66" to 78" wide to Canada, and about $17.00 on 78" wide and over by reason of $3.75 Exchange.

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We, therefore, request:-

First, that our tariff width be changed to 78" if at all possible.

Secondly, failing this, that, 78" width be declared of a class or kind made in Canada.

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L 24640

MEMORANDUM OF CONVERSATIONS BETWEEN REPRESENTATIVES OF THE DOMINION FOUNDRIES AND STEEL LIMITED, AND THE BRITISH STEEL EXPORT ASSOCIATION.

(1) Now that steel plates are being produced by the Dominion Foundries and Steel, Limited, up to and including 78 inches in width, the representatives of the British plate makers withdraw the opposition lodged by them at Ottawa to a change in the width-basis of Tariff Items 380 (a) and (b) from 60 to 78 inches.

(2) In consideration of such withdrawal, Dominion Foundries and Steel Limited, undertake not to install, for a period consistent with the general agreements of the Ottawa Conference, rolling equipment capable of producing steel plates more than 78 inches in width.

(3) Both parties support the proposal that provision be made in Tariff Item 380 (b) whereby plates imported thereunder shall be subject to declaration by the importer that they are to be used in widths of not less than 78 inches.

(4) Both parties urge that in respect of Tariff Items 380 (a) and (b) the Intermediate Tariff rates be raised to the level of the General rates.

(5) Dominion Foundries and Steel are of the opinion that plate 78" wide should be declared immediately as of a class or kind made in Canada. The British representatives consider this matter should be left to the Canadian Government for settlement in the best interests of Canada.

(6) It is mutually agreed that this agreement may be cancelled if either party is not satisfied with the final settlement at Ottawa.

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124642

October 19, 1932.

Honourable E.B.Ryckman,
Minister of National Revenue,
Ottawa, Ont.

Dear Mr.Ryckman:

Referring to our conversation and the possible demand for 6500 pieces of plate, please be advised that if the plate weighs,-

20	lbs.	each,	rolling	time	is	2½ hours
200	"	"	"	"	"	25 "
1000	"	"	"	"	"	125 "
3000	"	"	"	"	"	375 "

and we will load it on cars and ship within six hours after rolling.

We carry 10,000 tons of ingots in stock and this is 40 days' supply of plate steel ingots covering Canada's greatest demand within our width capacity over all time, and it is over four months' supply at the present demand, and we will probably have to close the one open hearth now operating while we roll intermittently.

May we further state that the 6500 pieces of plate, one and a half tons each, requiring 375 hours work on our mill, would be a very, very special job for Canada or even the U.S.

This supposition regarding delivery sounds like propaganda, and we have heard many such stories which can usually be traced back to importers or consumers who want to buy dump plate.

We well know that our melting, heating and rolling capacity is not balanced, but we have full facilities of buildings, cranes and so forth for handling 17,000 tons of melted steel per month, and we can balance these capacities much faster than demand can appear, and our plans are so laid.

Yours very truly,

DOMINION FOUNDRIES AND STEEL LIMITED,

President.

CWS;JM

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1 4643
White
43
R

Ottawa, Oct. 29th, 1932.

Dear Mr. Ross,-

Before leaving for Toronto last evening, Mr. Meighen directed me to acknowledge the receipt of your telegram of the 28th instant and to say that the matter would probably be mentioned in the Senate on Thursday next.

Yours very truly,

A.H. Hinds,
Private Secretary

F.M. Ross, Esq.,
Post Office Box #550,
Montreal, Que.

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CLASS OF SERVICE	SYMBOL
Day Message	
Day Letter	D L
Night Message	N M
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

1246 Form 425, replacing Form 1-TW long.

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RIGHT HON SENATOR ARTHUR MEIGHEN

SENATE OTTAWA

MUCH APPRECIATED YOUR INTERVIEW OF LAST NIGHT IF SIX CENT PREFERENCE CANADIAN WHEAT APPLIES TO EXPORTS THROUGH ANY EXIT THERE IS NO ADVANTAGE TO CANADIAN RAIL TRANSPORTATION CANADIAN HARBOURS CANADIAN ELEVATORS OR LAKE SHIPPING LATTER AS YOU KNOW IS IN PRECARIOUS POSITION STOP LAKE SHIPPING CONFIDENTLY EXPECTED SIX CENT PREFERENCE WOULD DIVERT ADDITIONAL GRAIN THROUGH CANADIAN ROUTES BUT THEY ARE NOW EXTREMELY DISTURBED AT NEWSPAPER INTERPRETATION OF PREFERENCE STOP IF IT IS FINAL THAT SIX CENTS APPLIES TO GRAIN GOING THROUGH ANY EXIT WOULD GOVERNMENT NOT CONSIDER ALTERNATIVE OF REFUSING SIX CENT PREFERENCE IF GRAIN SENT BY WAY OF AMERICAN PORTS AND KEPT IN AMERICAN ELEVATORS OVER A PERIOD AND THEN EXPORTED THIS CONFESSION WOULD TEND TO DIVERT FLOW OF GRAIN BY WAY OF CANADA AS MUCH UNSOLD GRAIN MOVES EASTWARD STOP WHAT YOU CAN DO WILL BE MUCH APPRECIATED REGARDS.

F M ROSS

239P

Senator Dennis gave address as
P.O. #550, Montreal,

USE OUR DIRECT ALL-CANADA SERVICE TO VANCOUVER, VICTORIA AND BRITISH COLUMBIA POINTS

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124645

OTTAWA, 31 October, 1932.

Dear Sir,

In the absence of the Right Honourable Mr. Meighen I beg to acknowledge receipt of your telegram of the 29th instant.

In all probability the subject referred to will be brought up in the Senate on Thursday next.

Yours faithfully,

A.H.Hinds.
Private Secretary.

H.P.Robinson, Esq.,

Saint John, N.B.

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Ottawa, Nov. 3rd, 1932.

Dear Mr. Rhodes,-

Enclosed is a letter from Mr. J.A. Ackland of the D. Ackland & Sons, Limited, Winnipeg, written on behalf of several other companies in connection with the duty on farm implement repair parts.

Perhaps you will be good enough to send me a memorandum expressing the Departmental viewpoint on the question.

Yours very truly,

Hon. Edgar N. Rhodes, P.C., M.P.,
Minister of Finance,
O t t a w a.

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124647

Ottawa, Nov. 3rd, 1932.

Dear Sir,-

I am in receipt of your letter of the 26th ultimo.

This being a matter of taxation and tariff, it is entirely under the House of Commons. I quite realize the importance of the subject from the Western standpoint, however, and will have your views fully presented and coneidered by the Department concerned.

Yours very truly,

J.A. Ackland, Esq.,
c/o D. Ackland and Sons., Ltd.,
Winnipeg, Man.

Subject - farm implement repair parts value for duty

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Mr. Meighen.

Merriam is bringing the attached inquiry by Senator Foster to the notice of the Prime Minister. Mr. Bennett is to make a statement in the Commons today with respect to grain shipments.

A.H.H.

3 Nov. 1932.

See duplicate

KEEP ON TOP OF FILE NO.

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124649

MEMORANDUM ON CANADIAN GRAIN
SHIPMENTS UNDER NEW PREFERENCE

It was understood, while the Conference was in session and until recently, that enjoyment of the new preferences would be conditional upon the use of all-Empire channels of traffic. Particularly was this to be so in the case of Canadian grain shipments to the United Kingdom.

Now, it is stated that direct shipment of goods through the United States under a through bill will not be a barrier to the granting of the preference in the United Kingdom; but where goods are trans-shipped or re-consigned from a United States port to the U.K. the preference will not apply. There is, however, a growing belief that the diversion of the Canadian grain traffic to United States transportation systems and ports will not be disturbed; this belief, in the absence of a positive interpretation of the British regulations as applied to Canadian wheat shipments through a non-Empire country.

If as a result of the Conference agreements this diversion of Canadian grain traffic to United States channels is not checked, there will be great disappointment throughout the country, because it is felt that the transportation advantages of the new flow of Empire trade should be enjoyed by our own people, and that preferential arrangements of this character should not begin and end with buying and selling.

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124650

Article I (Clause 2) and Article II (Clause 2) assert the principle in the Canada-South Africa agreement, but there is no such provision in the Canada-U.K. agreement. This absence of the principle from the one, and its presence in the other, is taken as significant by those who are earnestly striving for a greater flow of Canadian traffic through Canadian channels.

It cannot too strongly be urged that the Canadian Government use its best offices and energies to ensure such regulations on the part of the British authorities as will give the transportation benefits of the new trade arrangements to the people of Canada at a time when more employment is so sorely needed in this country.

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WHEAT SHIPMENTS

INTERPRETATION OF PROVISIONS OF BRITISH IMPORT DUTIES ACT, 1932

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, a question has been raised as to the interpretation to be placed upon the provisions of the Import Duties Act passed by the parliament of the United Kingdom on March 1, 1932. It will perhaps be recalled that subsection 2 of section 4 of that act reads:

(2) In the case of goods which are shown to the satisfaction of the commissioners—

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That is, the Commissioners of Customs and Excise.

—to have been consigned from any part of the British Empire and grown, produced or manufactured in any country to which this section applies, neither the general ad valorem duty nor any additional duty shall be chargeable until the fifteenth day of November, nineteen hundred and thirty-two, or if a later date is fixed for the purposes of this section by resolution of the commons house of parliament either generally or as respects any particular country, then, in cases to which the resolution applies, until that date.

The government has received inquiries as to whether or not goods consigned through another country to Great Britain would receive the preference, and having satisfied ourselves as to what the position was, we verified it so that it is now abundantly clear that the mere transit of Canadian goods through the United States, for instance, would not be a barrier to the granting of an imperial preference, provided that the goods are definitely consigned from Canada to the United Kingdom and that satisfactory evidence of through consignment is produced. The preference, however, would not be granted in the United Kingdom to such goods if they were sent from Canada to say, the United States and then reconsigned from there. The conditions under which imports to the United Kingdom are governed may be found in regulation No. 12 of the customs regulations issued by the United Kindom, as follows:

12. When empire goods consigned to Great Britain or Northern Ireland have been transshipped en route, or have been shipped from a foreign port after overland transit from the empire country of origin, the importer at the time of making entry will be required to produce the through bill of lading or railway consignment note from the country of production to Great Britain or Northern Ireland in support of the certificate of origin. Where a through bill of lading or consignment note is not available, the invoice, local bill of lading or consignment note from the original point of origin, and a certificate of arrival or landing at, and exportation from, the port of transshipment will be required. Such certificates are to be signed by the proper colonial or foreign customs officer at the port of transshipment, and in the case of the latter the signature must be visaed by the British consular authority. It is essential to prove that the goods were consigned from a part of the empire to Great Britain or Northern Ireland, and not to a foreign country from which they were subsequently reconsigned to Great Britain or Northern Ireland.

That, hon. members will observe, is but an expansion in terms of the conditions of the statute, providing that goods to receive free entry into the United Kingdom must originate within the empire and be consigned to the United Kingdom.

Hon. J. L. RALSTON (Shelburne-Yarmouth): Arising out of the Prime Minister's statement, may I ask whether the same rule will be applied by this government in connection with goods imported into Canada from other parts of the British Empire? That is to say, will our government recognize these goods as being entitled to the preference if they have originated in some other part of the empire even though they have been actually shipped from a foreign port?

Mr. BENNETT: There has been no change up to the present in the law as it has existed for years.

Mr. JOHN VALLANCE (South Battleford): Might I ask the Prime Minister a question in view of what he has just said? Let us take the instance of the Grain Growers Grain Company in Winnipeg consigning wheat to Buffalo or New York for storage. Does that wheat, when transshipped from those ports, not come under the preference?

Mr. BENNETT: I have read to the house the regulations.

Mr. VALLANCE: We would like an illustration.

Mr. BENNETT: It is not for me to answer questions with respect to illustrations. Great Britain has, through the judgment of her parliament, imposed the conditions under which free entry will be granted. I have read from the statute indicating what those conditions are and I have also read the regulations governing importations into the United Kingdom.

FLUE CURED TOBACCO

On the orders of the day:

Mr. W. H. TAYLOR (Norfolk-Elgin): Mr. Speaker, I should like to ask the Minister of Labour a question based upon the unsatisfactory market condition which exists for flue cured tobacco in southern Ontario. Has he or any department of government received complaints of an alleged purchasing combine among the purchasing companies of flue cured tobacco in southern Ontario, the purpose of the combine of course being to keep the prices to the growers below the true market value? If so, what action does the government intend to take to remedy the situation?

Hon. W. A. GORDON (Minister of Labour): I do not know whether complaints have been made with respect to the matter to which the hon. member has referred.

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Mr. GOTT: Such representations have been made without effect for the past ten years.

Mr. GORDON: Probably so. But if such a condition exists, the provisions of the Combines Act are available for anyone, and if it is made to appear by representations that a condition exists such as the hon. member has indicated, then I would be very glad to set in motion the provisions of the act to see that such a condition is corrected.

TRANSPORTATION COMMISSION

LEGISLATION TO GIVE EFFECT TO RECOMMENDATIONS CONTAINED IN REPORT

On the orders of the day:

Right Hon. R. B. BENNETT (Prime Minister): Mr. Speaker, in view of the long discussion that has taken place on the resolution now standing on the order paper, and as it appears to be uncertain when an opportunity may be afforded, that is, in the immediate future, for the discussion of the railway legislation, it is the purpose of the government to introduce the bill in the Senate.

Mr. HEENAN: When?

Mr. BENNETT: Probably tomorrow.

LOBSTER FISHERY

On the orders of the day:

Mr. A. E. MacLEAN (Prince): Mr. Speaker, I should like to ask a question of the Acting Minister of Fisheries based upon this telegram which I have received, dated at Summerside, October 25:

Under instructions Department of Fisheries patrol boats Arras and Nova Third destroying all lobster gear in straits. On account stormy weather and other handicaps fishermen could not land their gear. Lobster fishing this fall has been disastrous. Cannot understand such action from department. Fishermen indebted to large extent and unable to replace gear destroyed by patrol boats. Could you kindly interview Minister of Fisheries and explain situation?

I would ask the minister if he would have this matter looked into immediately and have the land wardens interview the fishermen and see that their traps are taken ashore and that the patrol boats are not allowed to continue destroying the gear.

Hon. EDGAR RHODES (Acting Minister of Fisheries): The matter has not previously been brought to my attention, but if my hon. friend would be good enough to let me have the telegram I shall have inquiries instituted immediately and give a reply to him as soon as possible.

IMPERIAL ECONOMIC CONFERENCE

CONTINUATION OF DEBATE ON THE MOTION FOR APPROVAL OF TRADE AGREEMENT BETWEEN CANADA AND GREAT BRITAIN

The house resumed from Tuesday, October 25, consideration of the motion of Right Hon. R. B. Bennett (Prime Minister) for approval of the trade agreement entered into at Ottawa the 20th day of August, 1932, between representatives of His Majesty's government in Canada, and His Majesty's government in the United Kingdom, subject to the legislation required in order to give effect to the fiscal changes consequent thereon.

Mr. F. T. SHAVER (Stormont): Mr. Speaker, before attempting to discuss the motion before the house I should like to extend to the Prime Minister and those associated with him as Canada's representatives at the recent imperial conference my sincere congratulations on the splendid results they achieved on behalf of all the citizens of Canada.

In attempting to discuss the question under consideration I shall have to approach it from two angles because the constituency which I have the honour to represent is about evenly divided between a rural and an urban population. The rural population are engaged for the most part in mixed farming, and the urban population are engaged primarily in the large manufacturing industries. From the standpoint of the rural population of my county I am very glad to say I can give my unqualified support to this motion because I believe that the agreements that have been entered into will provide much better markets for the mixed farming industry in eastern Canada, and on behalf of the textile industry in my county, which has been called upon to make some sacrifice, I am glad also to be able to say that while they will be forced to meet keener competition, it is not of such a nature as severely to injure that industry in my county. For these two reasons I am very glad to be able conscientiously and wholeheartedly to support these resolutions.

Many different attitudes have been adopted by members of the opposition. I believe that anyone discussing this question should approach it with an open mind, but I think we may conclude that the leader of the opposition did not approach it with an open mind for he really delivered his keynote speech in relation to the Canada-United Kingdom trade agreement two or three days before that agreement was presented to the house, during the debate on the address. In that speech he

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CANADA

The Debates of the Senate

OFFICIAL REPORT—UNREVISED EDITION

Vol. LXIX Friday, October 28, 1932 No. 8

CONTENTS

British Preferential Tariff — Shipment via Canadian Ports.

Disturbance at Portsmouth Penitentiary.

Canadian National-Canadian Pacific Bill — Motion for Second Reading—Debate adjourned.

THE SENATE

Speaker: Hon. PIERRE EDOUARD BLONDIN

Friday, October 28, 1932.

The Senate met at 3 p.m., the Speaker in the Chair.

Prayers and routine proceedings.

BRITISH PREFERENTIAL TARIFF

SHIPMENT VIA CANADIAN PORTS

Before the Orders of the Day:

Hon. W. E. FOSTER: Honourable senators, I desire to direct the attention of the right honourable leader of the Government to an article in the press setting forth the customs regulations of Great Britain. According to these regulations, Canadian goods entering Great Britain, if they have passed through a foreign country such as the United States, must be accompanied by a through bill of lading in order to secure the benefit of the British preference. I would ask the leader of the Government whether any representations have been or will be made to the British Government suggesting such a change in those customs regulations as would tend to direct Canadian traffic through Canadian channels and Canadian ports; suggesting in other words, the application to Canadian goods shipped to Great Britain under the preferential tariff, of the same principle that now applies under the preference to British goods shipped from Great Britain to Canada.

Right Hon. Mr. MEIGHEN: I received notice of this question just as I was coming down the stairs. I make no complaint at all, for short notice is probably the custom; but I would suggest that if an adequate and dependable answer is expected, I should be given notice the day before. Then there would be less delay in giving an answer. While I have some little knowledge of this subject and have myself had representations thereon, I am sure I could not at the moment give the complete and informative answer to which the honourable member is entitled. Therefore it would be better not to attempt to deal with the question now. I shall be able to give an answer at the next sitting.

DISTURBANCE AT PORTSMOUTH PENITENTIARY

Before the Orders of the Day:

Hon. J. LEWIS: Honourable members, before the Orders of the Day are called I should like to draw the attention of the Government to the situation at Portsmouth Penitentiary. I understand that an inquiry is now going on as to the direct causes of the recent rising, but articles have appeared in the newspapers alleging overcrowding, dirty and unsanitary conditions, and cruel and unusual punishments, which would seem to indicate the necessity of an inquiry that would go farther back. I do not, of course, ask the Government to accept these stories as absolutely true, but I think it would be wise not to disregard them. My suggestion would be that the Government should undertake a full inquiry into the situation, and possibly into conditions in all the penal institutions in Canada.

I know that anyone who proposes an inquiry of this kind is subject to the reproach that he is sentimental and wishes to see prisoners coddled. I have no objection to the strictest possible discipline in the administration of a penitentiary, but I do believe that it should be directed towards reform as well as punishment, and that the Government and the penal authorities should en-

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deavour to make men better instead of worse when they leave the jail. In all these institutions, I may say, without going into the detail of these charges, there is a tendency to run into ruts and to carry on in an old-fashioned way, and I think an occasional shaking-up is a good thing. The present Ontario Government felt that to be true, and appointed a commission, of which Dr. Ross of this city was head, to make an inquiry into all the charitable, corrective and philanthropic institutions of Ontario. That commission found many things to be remedied, and the Government has appointed a Minister of Public Welfare to attend to some of those institutions, in addition to the Provincial Secretary, who has the principal jails under his charge. I do not know that it might not be well for our Government to hand over the administration of penal institutions to a minister who has perhaps fewer duties to attend to than has the Minister of Justice. At all events, I call the attention of the Government to this matter, and urge it very seriously to consider the appointment of a commission or the adoption of some other method of inquiry.

Right Hon. Mr. MEIGHEN: I am not very clear as to the honourable member's inquiry, or, indeed, as to the final effect of his expression of views. If I understood him correctly, he expressed at the first the opinion that there should be a public investigation of the causes and merits or demerits of the recent riots.

Hon. Mr. LEWIS: That is going on now. I meant that there should be something going farther back.

Right Hon. Mr. MEIGHEN: That is not going on now. But I should like to ask the honourable member whether, upon his responsibility as a member of this House, he would express the opinion that there should be a public investigation into the merits of the riots, as between the rioters and the authorities.

Hon. Mr. LEWIS: I was not thinking of that especially. I thought such an inquiry was being carried on. At all events, I wanted the inquiry to go farther than that. What has been stated indicates to me that there is something wrong with the institution, possibly not through any fault of the authorities, but because this institution, like many others, has got into a rut and needs to be investigated and shaken up, possibly with a view to the adoption of new methods.

Right Hon. Mr. MEIGHEN: I am glad the honourable gentleman has not taken the responsibility.

Hon. Mr. LEWIS: I was not shirking the responsibility at all. I do not object to that sort of inquiry.

Right Hon. Mr. MEIGHEN: There is an investigation going on as to the cause, in all its phases, of the riots. The investigation is being conducted according to the long-standing custom obtaining among the authorities in our penal institutions. A public inquiry, with those charged with rioting on one side and the authorities on the other, is not taking place. That such an inquiry is in progress has been denied by the Minister of Justice, and I should hope that none of those who are seized of their responsibility as guardians of law and order in Canada would urge anything of that nature on the basis of our present knowledge of these riots. In times like these with difficulties existing, such as have never before been experienced in the same intensity, when the foundations of law and order are certainly under challenge, it surely behooves all who appreciate the situation to stand loyally by those who are endeavouring to do their duty under the law. It is all very well to entertain a sentimental sympathy for law-breakers while they are undergoing punishment, or before, but there is something tremendous at stake, and it is of vital, paramount and eternal consequence that authority be vindicated.

Hon. Mr. LEWIS: Whether right or wrong?

Right Hon. Mr. MEIGHEN: Authority based on law is right. If the law is wrong, we are the ones responsible for it, and should change it. The habit of fleeing at once to the side of the law-breaker and endeavouring to raise sentiment against authority is, to my mind, altogether too prevalent, and at a time like this exceedingly dangerous. I do not think anything will be revealed that will indicate any necessity for what is called a public inquiry. I hope the regular, routine inquiry will prove sufficient. Certainly the public will be entitled to the results of that inquiry.

But the honourable member (Hon. Mr. Lewis) goes farther. He thinks that our penal institutions have got into a rut. I know of no evidence to that effect. All that the evidence has shown, so far as I can see, is that authority in the Portsmouth Penitentiary has proved insufficient. That is all we know at present. When evidence is adduced to show that we are conducting our penal institutions

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3, dec. 1932

*BRITISH PREFERENCE ON CANADIAN WHEAT

Mr. MOTHERWELL:

Did the Dominion government prepare for and submit to the Ottawa economic conference or any committee thereof, data and information bearing on the important problem of whether or not Canadian wheat when stored at Buffalo or other American points and rebilled for export to the United Kingdom would be eligible to enter that market under the British preference of approximately six cents per bushel on Canadian and other dominion wheat?

Mr. BENNETT: I need hardly point out that the question relates to an imperial statute. Representations were made to the conference with respect to the matter. The British, being large ship owners, claimed the right, which they have exercised, to determine the conditions under which the preference provided by the statute would be granted. I can add nothing further to that.

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Ottawa, Nov. 3rd, 1932.

Dear Mr. Robinson,-

I have your telegram of the 29th ultimo, which was awaiting my return to Ottawa this morning.

I understand the Prime Minister is to make a statement today. I will have an opportunity of discussing the matter in the meantime and before this letter arrives you will have before you the Prime Minister's statement.

The question is not an easy one at all, and will be very difficult. First, the decision is entirely with the British authorities; and second, the Western people are most preemptorily urging that if any restriction at all is put on the route or method of consignment of Canadian wheat it will neutralize the preference and turn the supposed advantage into a pretense.

I do not think they are right, but the Government has to be exceedingly careful and shall surely be complained of by both ends of Canada.

Yours very truly.

H.P. Robinson, Esq.,
Saint John, N.B.

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CANADIAN PACIFIC TELEGRAPHS

T.D. 1

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W. D. NEIL, GENERAL MANAGER OF COMMUNICATIONS, MONTREAL.

STANDARD TIME

1932 OCT 29 AM 11 14

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87

SENATOR ARTHUR MEIGHEN

OTTAWA ONT

AM FAMILIAR WITH INTERVIEWS RE INTERPRETATION TRANSPORTATION CLAUSE IMPERIAL PREFERENCE AGREEMENT STOP TO ME THE VITAL POINT OF THIS WHOLE CONTROVERSY IS THAT TRANSPORTATION AND PORT INTERESTS OUR BIGGEST NATIONAL INDUSTRIES SHOULD HAVE BEEN PROTECTED DURING THE CONFERENCE THE SAME AS PRIVATELY OWNED MANUFACTURING INTERESTS WERE STOP ANY DISCUSSION NOT BASED ON THESE PREMISES ADMITS A CONDITION NOT CONSISTENT WITH THE OBJECTS OF AN IMPERIAL CONFERENCE AND LACKING IN STALWART

S.

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CANADIAN PACIFIC TELEGRAPHS

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W. D. NEIL, GENERAL MANAGER OF COMMUNICATIONS, MONTREAL.

STANDARD TIME

RAA46/2 SENATOR ARTHUR MEIGHEN OTTAWA 82

CANADIANISM STOP IF INTERPRETATION PRESENT CLAUSE RESULTS IN PERMITTING ALL GOODS FOR EXPORT UNDER PREFERENCIAL AGREEMENT TO GO THROUGH FOREIGN PORTS HOW CAN EXISTING REGULATIONS REQUIRING THE USE OF CANADIAN PORTS FOR IMPORT PURPOSES FROM GREATBRITAIN IN ORDER TO GET OLD BRITISH PREFERENCE BE CONTINUED STOP AM NOT INTERESTED IN THIS FROM PARTY OR MARITIME STANDPOINT BUT FROM THE BROADER VISION OF TRYING TO RECONSTRUCT AND CREATE AN ALL CANADIAN VIEWPOINT NOT A SECTIONAL ONE AS UNFORTUNATELY SEEMS TO AT TIMES PREVAIL

H P ROBINSON

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124660

CANADA BUD BREWERIES
LIMITED
TORONTO
CANADA

PHONE
ADELAIDE 2474-2475
OFFICE OF CHAS. E. KIEWEL,
MANAGING DIRECTOR

DUNDAS ST. WEST
AT SIMCOE ST.

November
Seventh,
1932.

The Rt. Hon. Arthur Meighen,
The Senate,
Ottawa, Ontario.

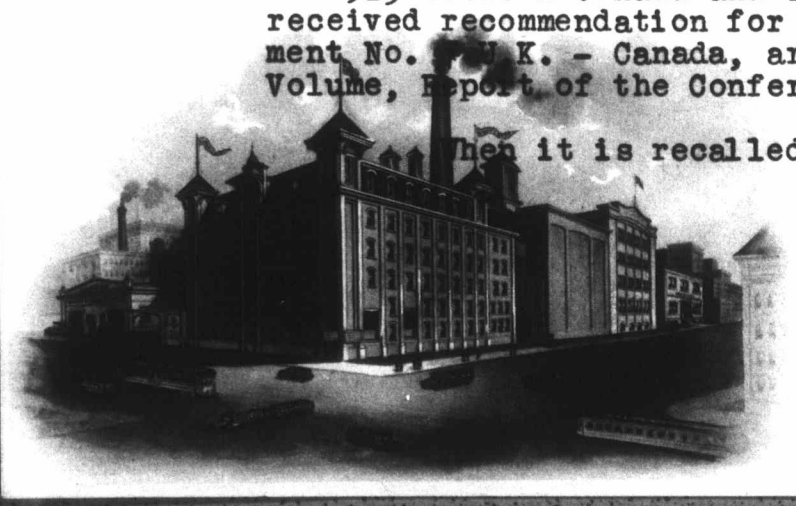
Dear Senator:

With further reference to your favor of July 21st, and our letter of the 11th of August last, we have just been informed that no consideration has been given our petition for increased protection in Tariffs on Beer imported by the British West Indies, which was submitted for consideration at the recent Economic Imperial Conference at Ottawa.

We understand that in the discussions held between Sir Phillip Cunliffe-Lister and our Minister of Trade and Commerce, the latter was asked not to press this matter any further, in view of the many other concessions that were being granted by the United Kingdom to Canada.

In this, we feel that perhaps, a full conception of our request was not enjoyed, as the correct interpretation could in no way be considered as a concession on the part of Great Britain, as this increased preference would apply to the products of Great Britain as well as Canada, and in no way result in loss of the business now enjoyed by British Brewers in those markets.

We note that a great number of commodities, which enjoyed a 50% preference over General Tariff in the treaty of 1925 between Canada and The British West Indies, have again received recommendation for additional protection under Agreement No. [illegible] K. - Canada, article No. 8 of the Supplementary Volume, Report of the Conference, Schedule D.



When it is recalled that in the treaty of 1925, between Canada and The British West Indies, that Beer was only accorded a preference of about 20% as against 50% for nearly all other products, and that now we are being omitted from

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November 7th, 1932.

The Rt. Hon. Arthur Meighen.

further consideration, we feel that perhaps we are not receiving the consideration we are entitled to, especially when the very existence and development of that trade rests entirely upon the protection we may be granted against competition from Foreign Breweries.

. Another thing, which should not be lost sight of, is the probable competition which may develop from American Brewers in the near futhre in these markets, which may not only jeopardize our trade, but also the trade of the British Brewers, if some consideration is not given now to the increase of Tariff in these Colonies.

We may mention that upon investigation, we find that in the past, American legislation provided ample protection for its Brewers in both domestic markets, and their possessions, by imposing a tariff of $1.00 per gallon of 12 reputed pints.

We wish to emphasize that in seeking trade in the Colonies, we in no way conflict with the markets enjoyed by the British Brewers, and any change in tariff which favours us equally, would result in our obtaining only that business which the British Beer cannot compete for, due to their quality not measuring up to the requirements of that particular trade.

We have again taken this matter up with Mr. Walsh, General Manager of the Canadian Manufacturers Association, who is using his good graces in re-opening this subject with the Minister of Trade and Commerce at Ottawa, as he is informed that the doors have not yet been shut to us.

We feel, however, that a word in the right direction coming from you, will go a long way towards bringing the importance of this matter to those responsible for the re-opening of this subject, and may we ask that you be kind enough to further assist us, to this extent.

Assuring you, that anything you can do in this connection will be greatly appreciated, we remain,

Respectfully yours,

CANADA BUD BREWERIES LIMITED.

Managing Director.

C.E.Kiewel:HC.

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Ottawa, July 21st, 1932..

Dear Mr. Kiewel,-

It is impossible yet to tell when any particular subject will be up before the Conference. In any event, none except delegates are admitted to the Conference meetings.

I think it would be well for you to send someone down in the course of a week and have him take up with Mr. Breadner, or anyone of his Committee whom he might name, the subject which you have especially at heart. You could probably ascertain then the view that is taken of it, and what Minister might be seen in order to present your argument further.

I do not think it would be worth while to have anyone here steadily.

Yours very truly,

C.E. Kiewel, Esq.,
e/o Canada Bud Breweries,Ltd.,
286 Simcoe Street,
Toronto, Ont.

No previous letter for filing.

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CANADA BUD BREWERIES LIMITED

TORONTO
CANADA

PHONE
ADELAIDE 2474-2475
OFFICE OF CHAS. E. KIEWEL,
MANAGING DIRECTOR

DUNDAS ST. WEST
AT SIMCOE ST.

August
11th,
1932.

The Right Honorable Arthur Meighen,
The Senate,
Ottawa, Ontario.

Dear Senator:

I wish to advise you that following your suggestion, we sent our Mr. Corbin down to Ottawa, and I am very pleased to state, that we were able to get our petition before the right parties.

We have just received a letter from the Director of the Commercial Intelligence Service,which we quote here in part :

"As you know, the whole question of our trade relations with the British West Indies is now being discussed with representatives of the British West Indies, now present at Ottawa, and I am sending on to you the enclosed copy of a letter from Mr. Bull for your information."

I wish to express my appreciation for the helpful advice rendered by you, and assure you that any assistance which you may be able to give this subject will be doubly appreciated.

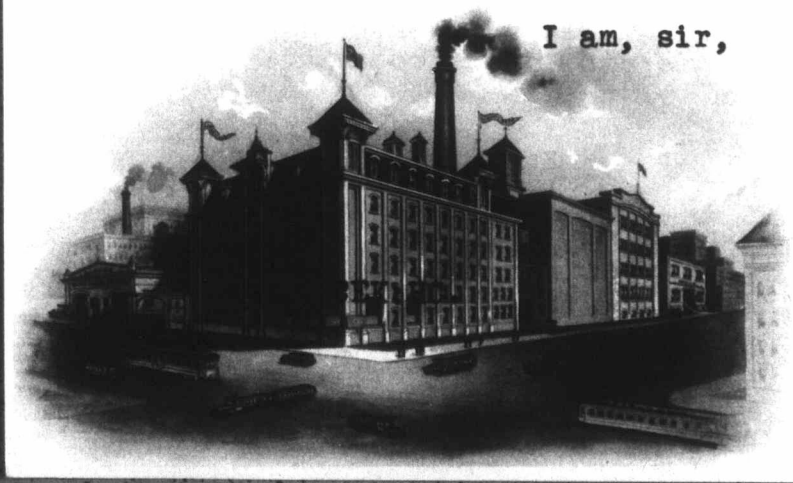
I am, sir,

Respectfully yours,

CANADA BUD BREWERIES LIMITED.

Thos. E. Kiewel

Managing Director.



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OTTAWA, 10 November, 1932.

My dear Colleague,

I enclose a letter from Mr. Kiewel, Managing Director of the Canada Bud Breweries, and would like to have an opportunity of seeing you about the matter when I return to Ottawa next week.

Yours very truly,

AM/H.

The Honourable H.H.Stevens, P.C., M.P.,
Minister of Trade and Commerce,
OTTAWA.

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Ottawa, November 10, 1932.

Dear Mr. Robinson:

I have your letter of 7th.

No one can justly accuse me of being anti-Maritime. A great deal of what has been done for the Maritimes in the last few years was urged by myself and some of it first propounded by myself. The Maritimes supported me but the West defeated me.

You are right as to the Wheat bonus being a distinct concession to Western Canada. The Bank guarantees have been also, though I don't think any loss has been made in those guarantees. The return of the natural resources cannot be listed as a special advantage. It was merely a return in the respective resources to the same position as the other Provinces have always been in.

On the other hand, of course, it is to be conceded that the freight concessions have been a tremendous special advantage to the Maritime Provinces. There have been others, none of which have been begrudged--at least not by me. I think it also has to be conceded now that the Maritimes are in perhaps the least difficult position of any part of Canada. They are certainly in a far better state than the Western Provinces.

I had no part in the Imperial Conference, and apparently the Government took the view that it would have been rather inappropriate on the part of Canada to have requested Great Britain to insist on special restrictions on the entrance to Great Britain of Canadian products.

Howard P. Robinson, Esq.,

Saint John, N. B.

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It is one thing to put restrictions ourselves on the entrance of British products, but it is another thing to ask another country to limit the scope of the advantages she gives Canada.

It seems strange that I should be specially drawn into this matter because I had nothing at all to do with the Conference, having so much responsibility at Toronto that I had to hold myself there every hour of every day.

Very sincerely yours,

Arthur Meighen.

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FORM 9018 B

ADDRESS ALL REPLIES TO THE COMPANY NOT TO INDIVIDUALS.

124667

THE NEW BRUNSWICK TELEPHONE COMPANY, LIMITED.

BOARD ROOM

SAINT JOHN, N.B.
CANADA.

November 7, 1932.

Senator Arthur Meighen,
Ottawa,
Ont.

Dear Mr. Meighen:-

It was very gracious of you to answer my telegram of the 29th ult.

I fully appreciate the difficulties in governing a country with the many interests and such a wide range of opinions as must prevail in this Canada of ours.

The point I wish to make - and I cannot make it too clearly or too frequently - is that every part of this country has got to be fair to the rest of it. You are personally familiar with everything that has been done in the way of wheat bonuses, bank guarantees, return of natural resources and a thousand and one things which Eastern Canada has had to do for the West - and Eastern Canada has done its share and has been well pleased as good Canadians to do it; yet, when it comes to the question of using our ports, the Western farmer becomes entirely selfish and even a bit vindictive against his fellow-Canadians here on the Atlantic Seaboard. I must confess I cannot get this view-point. There are many things which have been done for the West, which, if we had taken that attitude towards them, would never have been done.

There is another point I cannot refrain from making, and that is - apart from any selfish and un-Canadian attitude which the West may take, this

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FORM 9018 S

ADDRESS ALL REPLIES TO THE COMPANY NOT TO INDIVIDUALS.

124668

THE NEW BRUNSWICK TELEPHONE COMPANY, LIMITED.

BOARD ROOM

SAINT JOHN, N.B.
CANADA.

question should have been settled at the Economic Conference. I cannot subscribe to the theory that the use of Canadian ports, the employment of Canadian trainmen and port workers, is a matter which should have been left to the Government of Great Britain. It was an intimate part of the whole negotiations. Transportation to this country is just as much an industry as wheat growing is to the West or manufacturing is to Ontario and Quebec, and our interests in that particular should have received the same consideration theirs did.

I can assure you that, in common with pretty nearly everybody in the Maritime Provinces - except our elected representatives at Ottawa who seem to be frightened to express any views - there are about 1,000,000 people here in the Maritime Provinces who are dumbfounded. What the reaction in the future will be, time alone can tell. Coming on top of sixty years of this sort of thing makes everybody here suspicious and angry. I must confess in spite of everything I get a little of that feeling myself.

Very truly yours,

H. P. Robinson

HPR/K
Dictated,
not read.

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124669

OTTAWA, 10 November, 1932.

Dear Mr. Kiewel,

I have your letter of the 7th instant and am taking the matter up with the Department. I will advise you later.

Yours very truly,

Arthur Meighen.

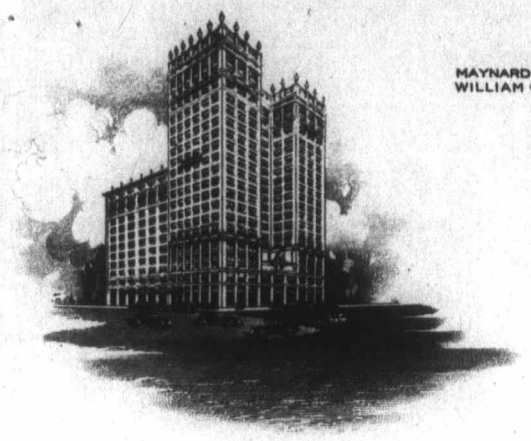
AM/H.

Chas. E.Kiewel, Esq.,
Managing Director,
Canada Bud Breweries, Ltd.,
Toronto.

re Preference on Beer

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MAYNARD D. SMITH, PRESIDENT
WILLIAM G. McKAY, SECRETARY

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J. E. FRAWLEY, MANAGING DIRECTOR
E. J. BRADWELL, RESIDENT MANAGER

Tariff
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HOTEL FORT SHELBY

NINE HUNDRED ROOMS NINE HUNDRED BATHS

LAFAYETTE BOULEVARD AT FIRST ST.

DETROIT

November 12th., 1932.

Dear Senator Meighen,

Enclosed please find a

Memo which I hope you will find time to read.

Your sincere,

Tracy Handley

Rt.Honourable,
Senator Arthur Meighen,
Ottawa, Ont.

MEMBER, AMERICAN HOTEL ASSOCIATION

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
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CANADA

DT84.

124671

MEMORANDUM -
November 12th., 1932.

The Conservative Government in Ottawa offered an unlimited Bounty of $3.00 per ton on pig iron - 1918.
The Liberal Government in British Columbia offered simultaneously a similar Bounty - 1918, a total Bounty thus of $6.00 per ton.
Highest precedent justified men in British Columbia in expenditures to arrange finance for an Iron and Steel Industry there. Such work was based upon the solemn Enactments by the two Governments chiefly concerned.

Further - Col. Nelson Spencer, Conservative Member of the B.C. Legislature now, Major James R.Lowery, Gordon Farrell and other prominent Conservatives and Leaders in business in British Columbia put alongside Plant-costs, etc. a Financial Proposal, based upon -

a 25-year bounty on pig iron at $2.50 per ton,
a 25-year bounty on steel at $2.19 per ton,
a 5-year bounty on coal at .80 per ton.

Attached to a high-class Engineering Report, this was presented to Eastern Canadian and U.S.Bankers and Steel Men, such as Cyrus T.Eaton, Vanderlip, and others - all sources turning down every proposal for finance of the B.C.Iron and Steel Project. (1930 and 1931.)

In seeking finance for the B.C.Industrial Enterprise placed before the Governments in Ottawa and in Victoria, only the now existing Bounty was dealt with - $3.00 per ton, total $2,000,000.00. The above offers were, however, widely known in the East and in Great Britain, hence I was asked to ascertain if the Governments were ready to assist now as in 1918.

If the foregoing is held in view, my proposal to start the Industrial Development in British Columbia should receive a sympathetic consideration. If only a fraction of the promised bounties are made available the Enterprise now placed before the Governments can be commenced - some $50,000,000.00 now available for the B.C.development.

The Enterise can use 1000 men from January on. This relieves the Government from $75,000.00 monthly expense, feeding idle, unemployed men in British Columbia - a present expense to the Governments of about $250,000.00 - expended for nothing at all.

Men seeking bounties on wheat, fish and potatoes are answered in a helpful manner by the Government's splendid Trade Agreements.

Turning back Peace River and other lands to the Provinces must not be confused with an Industrial Development which will at once start to spend FOUR MILLION DOLLARS upon a Blast Furnace Unit, this to give a New Payroll in Canada of appr. $2,336,000.00, per annum.

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MEMORANDUM -
November 12th., 1932.

The present low mark in iron production (30%) of normal has no bearing upon the proposal I make. Obviously the Enterprise has been carefully studied before Fifty Million Dollars was made available for the same. To spend $35,040,000.00 in fifteen years in order to earn a Ten Million Dollar Bounty would be out of the question.

Mr.Chas.M.Schwab, upon returning from Europe this week, states Iron and Steel production will exceed the peak years of the past (appr. 56,000,000 tons of pig iron - using 150,000,000 tons of ore) and his prediction is accepted as true.

If the Federal Government now set about to quietly create an incentive for using Canadian Ores through renewal of the Bounty Acts, 15-year period, much real and lasting good will be brought about.

S u m m a r y:-

The Governments will not have to pay bounties for appr. two years - while the Enterprise spends up to $4,000,000.00.

When the Governments commence paying bounties, it will be at the rate of $300,000.00 per annum - while the Enterprise spends $2,336,000.00 per annum.

The Enterprise creates taxable values that at once exceed bounty costs, and which increase annually, while the bounties fade out.

Appr. $100,000,000.00 paid out by the Federal Governments, Conservative and Liberal, built up an Industrial Development in Eastern Canada, based upon foreign ores, foreign limerock, and mostly foreign coal - giving a payroll of over Three Hundred Million Dollars per annum - a good investment for Canada.

A renewal of Bounty Act on pig iron, but altered to compel using of Canadian Iron Ores will give an impetus to iron and steel production in Canada upon world-competitive lines, such as will exceed in value the present Industry.

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124673

347 Bay Street, Toronto,
November 14, 1932.

Dear Mr. Ritchie:

Your letter of November 10th has been received during Mr. Meighen's absence in the West. He may return to the office on Wednesday morning, but of this I am not certain. In any event, he will be in Ottawa on Thursday, and I shall forward your letter to him there.

Yours very truly,

E. Secretary.

Mr. Harold F.Ritchie,
10-18 McCaul Street,
Toronto, Ont.

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CANADA

1246743

Ottawa, Nov. 18, 1932.

Dear Mr. Kiewel:

I managed to take up to-day with the Minister of Trade and Commerce the subject matter of your letter. Of course, the Minister is desperately busy, but as far as appreciation of the position went to-day, I could see that he has as yet a different understanding of the facts from us. He promised to review the matter thoroughly again and to see me later.

The difficulty I see now though is that the treaties are made, and as the meeting of your point involves a change in the tariff of another country, it is going to be very hard to get it done at this late date.

Yours very truly,

Arthur Meighen.

Chas. E. Kiewel, Esq.,
Managing Director,
Canada Bud Breweries Ltd.,
Toronto, Ont.

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CANADA

124675

CANADA BUD BREWERIES

LIMITED

TORONTO
CANADA

PHONE
ADELAIDE 2474-2475

OFFICE OF CHAS. E. KIEWEL,
MANAGING DIRECTOR

DUNDAS ST. WEST
AT SIMCOE ST.

42

November
21st,
1932.

The Rt. Hon. Arthur Meighen,
The Senate,
Ottawa, Ontario.

Dear Senator:

I wish to acknowledge receipt of your favors dated November 10th and November 18th, for which I wish to express my thanks.

I regret that due to my absence from Toronto, at the time your letters were received, that I was unavoidably delayed in acknowledging them.

However, I wish to express my thanks for the interest you have shown, in again taking up this subject with the Minister of Trade and Commerce.

I am enclosing copy of a letter sent to the Deputy Minister, which letter goes very thoroughly into the fundamentals, which form the basis of our request, and sincerely hope that with this information, the Minister may be brought to see more favorably the fairness of our petition.

We understand from the Canadian Manufacturers Association that the door is still open in this connection, and sincerely hope that those responsible for furthering this matter will use every effort to bring it to successful issue.



Yours respectfully,

CANADA BUD BREWERIES LIMITED.

Chas. E. Kiewel

Managing Director.

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COPY

124676

November
14th,
1932.

Major J.G. Parmelee,
Deputy Minister of Trade & Commerce,
Ottawa, Ontario.

Dear Sir:

In your letter of September 29th (File No. 25201) you advise that the question of an increase in the duties on German and Dutch Beer imported into the British West Indies was discussed at the recent Imperial Economic Conference, with the representatives of the Colonial Office, but no definite conclusion reached; and that the United Kingdom will be greatly interested in securing increases in duties on such beer, although the statistics of Trade indicate that she al ready has a much larger proportion of this trade than has Germany and the Netherlands. In this connection, we appreciate your advice that you will keep this matter in mind.

We wish, however, to point out that Canadian Beer would compete in the West Indies with foreign Beer - not United Kingdom beer; and those colonies in which we could capture the market from the foreigner, if tariffs were right, are British Guiana, British Honduras, Trinidad, Jamaica, the Bahamas, Barbados and Bermuda.

British Guiana: The present British preferential tariff rate provides a preferential spread of only 12¢ per dozen in favor of Canada as against foreign beer. The general tariff rate is 60¢ per gallon. If this general tariff rate were made 96¢ per gallon, viz; double the present British preferential tariff rate, our knowledge of that market enables us to state that we could gain this market from the foreigner. At present (calendar year 1930) the United Kingdom sells British Guiana, beer to the value of $161,961.00. The Netherlands and Dutch Guiana supply $2,871.00 worth. In this connection, the trade statistics published by your Department show that during the fiscal year 1932 this country purchased goods from British Guiana to the value of $4,541,922, while Canada sold British Guiana goods to the value of only $811,719. It would seem, therefore, that British Guiana might be willing to consider arrangements by which her trade with Canada could be brought to a better balance.

British Honduras: The present British preferential tariff is 50¢ per gallon and the general is 75¢ per gallon. The United Kingdom supplies $12,164.00 worth, while foreign countries supply $38,325.00 worth. If the general tariff rate were raised

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from 75¢ to $1.00, our knowledge of this market enables us to state that Canada could succeed in replacing most of these foreign purchases.

Trinidad: The British preferential tariff rate is 2s. per gallon, and the general tariff rate is 2s.6d. In each case there is a surtax of 10% of the duty. If the general tariff rate were made 4s. per gallon, I am certain that Canada would gain an immense advantage in this market. At present the United Kingdom supplies £25,615, and foreign countries £9,118 worth. In this connection, according to Department of Trade and Commerce records, Canada purchased goods from Trinidad, during the fiscal year 1932, valued at $3,124,902, while Trinidad only bought from Canada goods to the value of $2,177,110. We would like the opportunity of supplanting foreign beer in Trinidad, and this opportunity would be given us if the tariff of Trinidad were changed as suggested. In this connection, let me emphasize once more that Canadian Beer does not compete with United Kingdom beer. Our quality makes us competitive with the foreign product.

Jamaica: The present preferential tariff is 1s. 9d. and the general tariff rate is 2s.6d. per gallon, or a difference of only 9d. per gallon. Jamaica, in the calendar year 1930, bought beer from the United Kingdom to the value of £61,707, and from foreign countries to the value of £18,211. The published trade statistics show that in the fiscal year 1932, Canada bought goods from Jamaica to the value of $4,420,706, but only sold Jamaica goods to the value of $2,703,658. If the Jamaican general tariff rate on beer were raised to 3s. 6d. per gallon, viz; double the present British preferential tariff rate, we could oust most purchases of foreign beer.

The Bahamas: It appears that Canada has no tariff preference on beer, the duty against all countries being 1s. per gallon. In this connection, the United Kingdom in the calendar year 1931, supplied the Bahamas with beer to the value of £10,277, while foreign countries supplied £12,574 worth. In this connection, we have been unable to find any reference of Canada's purchases from the Bahamas or sales to the Bahamas, although general information is that Bahamas' exports to Canada have greatly increased in the past two years. If the Bahamas would make their general tariff rate double the British preferential rate, Canada could capture practically all of this trade from the foreigner.

Barbados: The British preferential tariff rate is 7d. per gallon and the general tariff rate is 9d. per gallon, or a preferential spread of only 2d. In the calendar year 1930, Barbados purchased beer from the United Kingdom to the value of £6,281. From foreign countries her purchases amounted to £1,562. The trade figures published by your Department show in the fiscal year 1932 that Canada purchased goods from Barbados to the value of $2,673,435 and sold this colony goods to the value of only $1,121,002. Here again an adjustment in the beer tariff of Barbados would enable us to replace foreign beer consumed in that market. The general tariff should be raised to 2s. per gallon to enable Canada to get into this market.

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Bermuda: The British Preferential tariff rate is 3s. plus a surtax of 22½% thereof, and the general tariff rate is 3s. plus a surtax of 25% thereof. Bermuda, in the calendar year 1931, bought beer from the United Kingdom to the value of £34,618, and from foreign countries her purchases amounted to £2,181. In regard to general trade with Canada, we understand that conditions have improved similar to those applying to the Bahamas. If Bermuda would raise her general tariff rate to 6s. per two gallons, double the regular British preferential tariff rate of 3s. Canada would be able to supplant practically all of these purchases of foreign beer.

If the general tariffs of these colonies in regard to Beer were raised as suggested, it is our experience and judgment that Canada would sell these colonies beer to the value of more than $250,000 annually. These preferences, if granted, would result in trade in other Canadian industries being greatly improved, viz; the production of Canadian barley, its conversion into malt, and manufacture into Beer. The Canadian hop industry would be improved in condition. Canadian bottle manufacturers would have an enlarged market, for none of these bottles would be returned to Canada from the British West Indies. the packing case manufacturers in Canada would also enlarge their business. In fact, the changes above suggested would also provide very considerable additional commerce for the Government steamships which are plying to the British West Indies.

Furthermore, the changes requested will in no way work a hardship on the people of these colonies, as at present the cost per bottle of Dutch and German beer at retail, in spite of the lower first cost of these beers, is the same as our beer; but we experience hardship in getting distributors to push our beer when they can make such an enormous profit by handling the foreign beer.

We are encouraged to ask you to press these suggestions to a conclusion for the reason that so large a number of Canadian commodities already receive a 50% preference in the British West Indies, while beer and ale only enjoy about 15% - 20% preference.

Another thing, which we submit should not be lost sight of, is the probable competition from American breweries in the British West Indies, if some consideration is not immediately given to the increase in the general tariffs at these colonies; and in this connection we find that United States legislation did not hesitate to give ample protection to its brewing industry in both domestic and overseas markets for the 1922 tariff imposed a duty on beer of $1.00 per gallon. As this duty applied on importations into Hawaii, Alaska, and other overseas divisions of the United States, all such United States markets were fully protected. Compared with this, the suggested general tariff rates for these British West Indian colonies would not be high.

In view of the attendant benefits to other industries, such as this country's grain producers, bottle manufacturers, lithographers the packaging industry, transportation services, and the increased employment, which would be a natural result if these preferences

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are granted, we are emboldened to urge your Department to use every effort to bring these proposals to a satisfactory conclusion.

We remain,

Respectfully yours,

CANADA BUD BREWERIES LIMITED.

C.E.Kiewel:HC.

Managing Director.

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THE DEPARTMENT OF

TRADE AND COMMERCE
CANADA

124680

OFFICE OF THE MINISTER

OTTAWA November 23, 1932.

Rt. Hon. Arthur Meighen,
The Senate,
O T T A W A.

Dear Mr. Meighen:

Regarding your letter of the 10th November, enclosing a letter from Messrs. Canada Bud Breweries Limited, Toronto, I have gone into this matter with some care and I find that the bulk of the beer imported into the British West Indies is supplied by the United Kingdom. This would seem to indicate that an increase in the British Preferential Tariff on beer would not have the effect of diverting a large amount of business to Canada. I am also informed that beer from the United Kingdom is sold in the British West Indies at a more favourable price and that the best-known brands, such as Tennent's, Jeffrey's and McEwan's are widely advertised and have been well introduced for a great many years.

This question was considered during the Imperial Economic Conference but it was felt that we could not reasonably press for increased preferences on a product if a substantial increase in Canadian trade was not sure to result. I am now having this whole question looked into further and we are communicating with our Trade Commissioners in the British West Indies to ascertain what would be the probable increase in Canadian trade resulting from an increase in the duties on foreign beer. If their report is favourable we shall then consider if steps can be taken

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to request the Colonial Office to grant an increased preference on Empire beers imported into the British West Indian Colonies.

I am returning to you the original letter from Messrs. Canada Bud Breweries Limited.

Not enclosed
H

Yours sincerely,

H H Stevens

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CANADA

124682

COMMISSIONER OF CUSTOMS
CANADA

OTTAWA, 24th November, 1932.

A. H. Hinds, Esq., Private Secretary
Rt. Hon. Arthur Meighen, P.C.,
The Senate, OTTAWA.

Dear Mr. Hinds,-

As requested I return herewith letter, and enclosure, forwarded by Harold F. Ritchie & Company, Limited to Senator Meighen, concerning the question of Tartaric Acid Crystals, and about which I spoke to you over the telephone.

Yours faithfully,

RWB:

Commissioner of Customs.

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THE DEPARTMENT OF

124683

TRADE AND COMMERCE
CANADA

OFFICE OF THE MINISTER

OTTAWA November 25th, 1932.

Private Secretary to the
Rt. Hon. Arthur Meighen,
Leader of the Government in the Senate,
The Senate,
O T TA W A .

Dear Sir:

As requested by your office on the telephone this morning, I beg to enclose herewith a letter addressed by the Canada Bud Breweries Limited, of Toronto, to the Rt. Hon. Arthur Meighen, respecting tariffs on beer imported into the British West Indies.

Yours faithfully,

W. H. Grant
Private Secretary.

Enclo.

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CANADA

(45) 24684

Ottawa, November 25, 1922.

Dear Mr. Carlisle:

I took up to-day the matter about which you phoned me yesterday. I find the Government has decided not to do anything further with this measure until the sitting of next year, which will commence probably on January 30th. Meantime, I have asked Mr. Rhodes to give me a copy of the Bill with a memorandum on it, dealing with the phases to which you specially referred. This will enable me to discuss it with you and obtain such suggestions as you may desire to make.

Youre very truly,

Arthur Meighen.

Mr. C. H. Carlisle,
Goodyear Tire & Rubber Co.,
Toronto, Ontario.

2)

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CANADA

124685

(43)

Ottawa, November 25, 1932.

My dear Mr. Chaplin:

I have your letter of 22nd.

I have very earnest sympathy with you in this matter and am going to see what can be done.

Yours very truly,

Arthur Meighen.

Hon. J. D. Chaplin,
St. Catharines, Ont.

Mr. Chaplin's letter in Toronto.

no letter for file

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43

Ottawa, November 25, 1932.

Dear Mr. Breadner:

My Secretary has taken up with you, a letter from Mr. Harold F. Ritchie, of November 10th, attached to which was a letter to Mr. McKinnon, Commissioner of Tariffs, on the subject of duties on Tartaric Acid Crystals as covered by the British agreement.

As I understand there are likely to be a number of matters requiring adjustment later, I beg to adk of you that you will give careful consideration to the representations contained in the two letters above referred to. It would appear as though a real hardship was involved here on a very important Canadian concern, and one which ought to be able to be remedied without great difficulty.

Will you please see that at the proper time representations on the subject are made to the Minister, so that the same can be taken into account when any alterations are under consideration.

Yours very truly,

AM/EME/

Arthur Meighen.

R. W. Breadner, Esq.,
Commissioner of Customs,
Department of National Revenue,
Ottawa, Ontario.

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43

Ottawa, November 25, 1932.

Dear Mr. Ritchie:

Further to your letter of November 10th, I have taken this up now pretty fully with the Department of National Revenue.

The special item to which you call attention is contained in a schedule to the Bill which confirms the agreement with the British Government, and consequently no change could be made without the consent of the British Government.

I find it is probable, however, that a number of matters will eventually arise out of the agreement, requiring adjustment, and will probably be made the subject of negotiations between the two Governments. Just when developments will reach this stage, of course, one cannot say.

Meantime I have asked Mr. Breadner to make sure that your view on this matter and his own view (which I hope will be in support of yours) will be carefully presented to the Minister.

Yours very truly,

Arthur Meighen.

Mr. Harold F. Ritchie,
President,
Harold F. Ritchie & Co. Ltd.,
Toronto, Ontario.

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124688

CABLE ADDRESS RITCHSTONE

HAROLD F. RITCHIE & COMPANY LTD.

WITH WHOM ARE ASSOCIATED

HAROLD F. RITCHIE & COMPANY, INCORPORATED

THE BRITISH HAROLD F. RITCHIE COMPANY, LIMITED

MANUFACTURERS' REPRESENTATIVES.

TORONTO, MONTREAL, WINNIPEG, VANCOUVER, ST. JOHN'S — NEW YORK, PHILADELPHIA, CHICAGO, SAN FRANCISCO, DALLAS, BOSTON — GUATEMALA, SAN SALVADOR, CORINTO, SAN JOSE, PANAMA, HAVANA — KINGSTON, PORT AU PRINCE, SANTO DOMINGO, SAN JUAN, BRIDGETOWN, MEXICO, BELIZE — GEORGETOWN, RIO DE JANEIRO, MONTEVIDEO, BUENOS AIRES, VALPARAISO, LA PAZ — LIMA, GUAYAQUIL, BARRANQUILLA, CARACAS, HONOLULU, MANILA — SHANGHAI, HONG KONG, SYDNEY, WELLINGTON, LONDON

Ottawa

10-18 MC CAUL STREET
TORONTO, ONT.

November 10, 1932

Rt. Hon. Arthur Meighan, P. C.
Canadian General Securities, Ltd.
347 Bay St.
Toronto 2, Ont.

Dear Mr. Meighan:

You are a very busy man and I do not like to trouble you but I am forced to write and ask if you can advise me along certain lines.

I am enclosing for you a copy of a letter written to Mr. H. B. McKinnon by the vice-president of J. C. Eno (Canada), Limited.

The government has put a tariff on Tartaric Acid Crystals. We are the largest users in Canada. The goods are not made in Canada and they cannot come from England as the raw materials have to be brought from Spain, Australia, California and different countries to England to be refined and they cannot get fifty percent of the cost of the goods that can be British. Therefore, the tariff is not doing any good.

We cannot buy all that we need for our foreign factories in England. There isn't enough made there and we want to buy what we need in England from the British factories. I think this is a case where the government has put on a tariff without knowing the facts.

Could you advise me as to the proper approach on this without too much trouble?

Sincerely yours

Harold F. Ritchie

President

HFR:E

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124689

Draft not sent

296 Richmond Street West,
Toronto, Ontario, November 7th, 1932.

H. B. McKinnon Esq.,
Commissioner of Tariffs, Finance Department,
Ottawa, Ontario.

Dear Sir:

May we respectfully draw to your attention the effect which Tariff No. 208-C has upon our business?

This tariff specifically mentions Tartaric Acid Crystals and changes the Tariff from:

Free, British Preference		Free, British Preference
Free, Intermediate,	to	10% Intermediate,
Free, General		10% General.

During the summer our Associates gave considerable time to the preliminary meetings of the British Empire conference and had many conferences with the experts who accompanied the British delegation to this country and both Cream of Tartar and Tartaric Acid Crystals were discussed and we understand that a tentative agreement was arrived at by the Committee that it was economically unsound to change the tariffs of these items which were free from all countries and therefore the Committee would recommend that these items be left "Free Across the Board." We were considerably surprised when we found that the tariff on these items had been changed.

We are the largest users of Tartaric Acid Crystals in Canada and since coming to this country to manufacture our product in 1926, we have always been able to bring this class of merchandise into the country, free of duty, up to October 12th, 1932. The knowledge that this important ingredient was not dutiable in Canada together with the fact that we desired to use as much Canadian labour as possible caused us to make the decision to locate in Canada and manufacture our product here. We buy everything possible in Canada, that can be produced here, and only import such material as is impossible to produce in Canada.

The raw materials for Tartaric Acid are only obtainable in France, Spain, Portugal, Italy, Germany and western United States. They are not obtainable in England, and therefore all Tartaric Acid produced in England is made from imported raw material. The cost of this raw material represents considerably more than 50% of the selling price and therefore there is not 50% British content, consequently, according to the existing conditions Tartaric Acid crystals from England cannot enjoy the preference.

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H. B. McKinnon Esq. November 7th, 1932.

There is only one maker of Tartaric Acid in the British Isles. There are no makers in Canada, although we have tried to interest Chemical Manufacturers in this country.

The effect therefore of the tariff is that our costs have been increased by reason of the 10% duty, which increase, because of the existing trade conditions, must be passed onto the Public, unless we receive favourable action from you. It is a step we do not wish to take if there is any possible way of avoiding it.

As previously stated there is only one maker of Tartaric Acid in the British Isles and even if the Government reduced the percentage of British content it is reasonable to assume that this maker, in view of the fact that there is no British Empire Competitor and therefore this maker has a monopoly, will take advantage of the tariff when determining the selling price.

The chief effect, therefore, of the tariff is to penalize the Canadian Manufacturers who use this type of merchandise and force them to pass the increase along to the Public.

We have contracts outstanding amounting to nearly 200 tons, which contracts were placed with German Suppliers, during the latter part of 1931 and early this year. Both contracts being placed months before the Imperial Conference and, in the event that you find it impossible to grant our request that Tartaric Acid Crystals be allowed to be imported free of duty, irrespective of the country from which they are shipped, may we be granted permission th import from these contracts without a duty on Tartaric Acid Crystals being assessed?

We have a shipment coming in during this month and would therefore esteem it a favour if you would give your early attention to our letter.

Yours faithfully,

J. C. ENO (CANADA) LIMITED

VICE PRESIDENT.

CJW/RO.

Costs us 6o% progress for additional duty

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CANADA

The Senate of Canada
COMMITTEES BRANCH

124691

MEMO: Mr. Meighen.

In the conversation referred to by Mr. Breadner he informed me that inasmuch as the item in question was contained in a Schedule to the Bill confirming the Agreement no change could be made without the consent of the British Government.

As to how this consent might be obtained he was not prepared to say. He throught a number of matters would eventually arise out of the agreement requiring adjustment and would no doubt be the subject of negotiation between the two Governments, possibly when the Prime Minister again visits England.

I suggested that the Tariff Board might be a medium of approach but Mr. Breadner thought an Order-in-Council would be necessary directing the Board to Act.

Hinds.

25 Nov. 32.

KEEP ON TOP OF FILE NO.....

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CANADA

124692

43

Ottawa, November 25, 1922.

Dear Mr. Kiewel:

At Mr. Meighen's request I am sending you copy of a letter received to-day from the Minister of Trade and Commerce.

Mr. Meighen will continue to give attention to this matter.

Yours very truly,

Private Secretary.

AM/E

Mr. C. E. Kiewel,
Canada Bud Breweries Limited,
Toronto, Ontario.

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Ottawa, November 25, 1932.

Dear Mr. Kiewel:

At Mr. Meighen's request I am sending you copy of a letter received to-day from the Minister of Trade and Commerce, with reference to the subject matter of your letter of November 7th.

Yours very truly,

A M/E

Private Secretary.

Mr. C. E. Kiewel,
Canada Bud Breweries Limited,
Toronto, Ontario.

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COMMISSIONER OF CUSTOMS
CANADA

OTTAWA, 30th December, 1932.

Rt. Hon. Arthur Meighen, K.C., P.C.,
347 Bay Street,
TORONTO, Ontario.

Copy to
Mr Carlisle

Dear Senator Meighen,-

With further reference to your letter of the 28th ultimo regarding the United Kingdom-India Trade Agreement, I am now advised this agreement comes into operation on the 1st January.

The Canada-India Trade Agreement is still under consideration.

Yours faithfully,

RWB:

Commissioner of Customs.

Copy sent Jan 3/32 EWB

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ECONOMIC RELATIONS OF THE UNITED STATES AND CANADA WITH SPECIAL REFERENCE TO TARIFFS

By

WILLIAM H. MOORE, M. P.

[Reprinted for private circulation from the *Proceedings* of the INSTITUTE OF PUBLIC AFFAIRS, Fifth Annual Session, Athens, Georgia, June, 1931]

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ECONOMIC RELATIONS OF UNITED STATES AND CANADA WITH SPECIAL REFERENCE TO TARIFFS

By William H. Moore, M. P.

You have assigned me a subject which cannot be covered within my time. I can at best deal with certain phases of the economic relations of the United States and Canada. I shall try to lay before you material provocative of thought; perhaps the most that is expected of anyone in the lecture room of a University.

There has been many a quarrel over the things we shall discuss together, but I would have you recall that the politicians have done most of the quarrelling. The economists have not always agreed; at times they have flatly disagreed; sifted out, their differences will be found to lie mainly in degrees of emphasis. I have no disposition to review those old controversies. Now and then we may have to touch upon them.

When it was suggested that offence would not be taken if I were critical of the tariff policy of the United States, I put the temptation where we are told temptations belong; but to criticize was a temptation not to be resisted, since I believe you of the United States have frequently taken the wrong course in your economic relations with Canada. Upon occasions I have said so, but until now quite safely within my own country. My hesitancy to criticize adversely disappeared when, upon reflection, I found that instead of saying "you," I could invariably say "we," have gone astray. You will recall that the criticism I have to offer will be that of one looking through a neighbor's window; and in itself will be subject to the criticism that the panes may be colored by national self-interest.

Although the present economic relations of our two countries are the outcome of many years of action, I shall remind you

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of little of the past. Instead of beginning with history, I propose we shall travel abroad, rejecting the usually sound advice to see America first.

During the past twenty months it has become poignantly apparent that the economic lives of those of us who live north of the Rio Grande are, in larger measure than we once thought, subject to the influence of world conditions, and particularly the conditions of Europe: the area of the Great War, the territory most directly influenced by the War's disastrous economic aftermath. While the War was in progress, it was commonly predicted that at its conclusion the nations that had worked so closely together to defeat a common enemy would as closely work together in support of a common civilization. For a time after the Armistice we appeared to be headed in that direction. The League of Nations took things economic in hand, and in course of time, brought even former enemies into conference, where differences could be discussed, and if not removed, then understood.

True, you of the United States were on the sidelines of the League. However, you *were* on the side lines. You were observing, and when nation after nation had confessed inability to go on by its own resources, you went magnificently to the rescue. Trade routes closed by the War were one by one reopened. The statisticians of the League, measuring progress, assured us that world trade was increasing faster than world population. (Reading their figures we have to recall that they represent the return of twenty-seven customs units where before the War there were twenty.) Economists spoke of the New Dependence as something commendable. Two streams of commerce flowed in and out of every country with apparent general approval. Even the politicians were impressed. In my own country a convention of what had been regarded as the high tariff party—the Conservatives—was held in 1928, and in laying down a platform the word "protection" was unmentioned. Last spring, (1931) bringing down his budget, we find the leader of that party, who had meantime become Prime Minister and Minister of Finance, asking, "Can this country afford to be an unprotected country against the competition of the protected countries of the world?" Honorable members to the right of the Speaker vociferously answered, "No."

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As we look back it is difficult to explain why we ever thought that freer trade among the nations was in the offing, for since the War the springs of Economic Nationalism had been bubbling over, and in time were bound to overflow the current of the New Dependence. Once its volume was recognized it was to be expected that the politicians would go with the stream.

Men are forever trying to catch history in the act of repeating itself, and you will, I suggest, find a parallel between the economic aftermath of the Crusades and that of the Great War: a meeting of backward people and advanced upon a common front, followed by the determination of the backward to go forward, with everywhere an intensive nationalism, reflected in the fifteenth century by the tenets of Mercantilism, and in the twentieth century by a trend of thought which has been called Economic Nationalism. Upon that modern movement has been placed a portion of the blame for the world's present depression. No words of mine can bring home to you its gravity; the serious character of the times we face; the importance of examining economic conditions, and of shaping fiscal policies to meet the strain we suffer, which, if I am not mistaken, we shall continue to suffer for some time. I need not emphasize the gravity of a depression that is more than a cyclical dip which wears itself out if we but wait; a depression that is not to be lifted until the curable causes are cured, or minds and affairs are adjusted to conditions imposed by the incurable.

You of the United States are really more interested in the spirit and actions of the nations than the people of any other country, not alone because you have suffered so severely from the depression, but because you have so largely financed the activities of the nations. You have become the world's banker, and these are troubled days for bankers. You cannot now let go if you would.

When Europe was repartitioned, boundary lines were laid upon race and national activities rather than upon economic activities. The hope of harmony was pinned to the right of national self-expression, only to find that men could not live

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by expressing themselves in national anthems, nor even by speaking a common language in a common legislature. Food, clothing, and shelter, the comforts and necessities of life, are material things, but without them the spiritual cannot be sustained.

After the repartition it was discovered that many of the old markets were not within the new boundaries. Whatever may be said for the alignment of the new Europe nationally, it was not an economic job well done. Men of common nationality frequently have an adaptability for common occupation, and it was inevitable that an attempt in Europe at national segregation should result in industrial segregation. The flour mills did not always go with the wheat and rye lands, the tanneries with the cattle, or the pigs with the appetites. The Danubian countries found themselves generally with surpluses of agricultural products; the countries of Middle Europe with more spindles than were required to clothe their diminished populations.

The large estates of Eastern Europe had been parcelled among a peasantry ambitious to secure comforts that were regarded as properly belonging to freeholders. They were no longer satisfied to live as peasants upon their own production. They wanted things that others produced, which were to be secured only by purchase. There was on the one hand a growing need for cash crops, and on the other, a real difficulty in securing cash markets. And there was always the Soviet situation to complicate matters. Before the War, exports to Russia from territory which became Polish attained a volume of $500 million, and in 1927, exports from the same territory to the land of the Soviets had diminished in value to $15 million. Perhaps the Polish peasants, and particularly the Ukrainians within Poland, are not to be blamed if now and then they look longingly eastward.

The Eastern European countries, turning to the tariff for revenue, protesting against high duties on agricultural products, proceeded naturally to tariffs for the protection of manufactured goods on the double ground that work was needed for those who could no longer plough a profit out of the land, and that it was unseemly for a state with newly found political

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independence not to be on its way to industrial independence. Dearth of capital, with shockingly high rates of interest, alone deterred the course of duplication in the already abundant European factory equipment.

The countries of Middle Europe, with surpluses of spindles and furnaces, were in no frame of mind to be dependent upon the lost areas for food. The memory of blockades, shortages in ammunition, and starving citizens overcame the sober thought that no state can maintain modern civilization out of its own natural resources, and that even a considerable measure of economic independence is to be had by a few states without heavy sacrifice.

Germany, for instance, did not care to rely for wheat upon the new Poland (subject as it was supposed to be to French influence) nor upon the United States, nor upon Canada, knowing that in both North American countries supplies were partly subject to control by governments that had been its enemies but recently. Germany imposed high duties upon wheat, and as well placed a limitation upon the amounts of foreign wheat that could be converted into flour for domestic consumption. Other European countries enacted similar legislation, the effect of which was not only to stimulate the uneconomic production of wheat, but also to divert demand towards foods that could be produced in quantity at home.

Across the Pacific drifted echoes from the New World hustings which spoke of "hewers of wood and drawers of water," and the peoples of Asia turned to resistance of exploitation by western nations, and towards a policy which, according to votes constantly repeated, had made the United States the richest and most powerful of nations.

The monetary chaos which followed the War undoubtedly contributed in substantial measure to the spring of economic nationalism, and directly affected North American tariff policies. A common monetary standard is essential to sound international trade, and it was not until 1925 that the nations were brought back to the gold standard, and then some of them only to the makeshift of exchange paper tied into gold. Meantime, there had been dumping under the shelter of depreciated cur-

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rency, with resultant demands for protection from producers in the countries of stable currency. It was mainly upon that plea that the United States raised its tariff walls in the general revision of 1922, neglecting to scale-down when the menace had disappeared.

And incidentally, valuta dumping has not quite ceased. For the first quarter of 1930, Australia exported to Japan 13,216 tons of wheat; the United States, 80,205 tons; for the first quarter of 1931, Australia exported 152, 118 tons; the United States, 14,026. The switch in trade is in part to be attributed to depreciation in Australian currency. Canadian wheat growers have also suffered the loss of trade with the Orient, particularly with China, and by resolution in the House of Commons, the agrarian bloc sought to have Canada suspend the redemption of Dominion notes in gold, the avowed object being to enable competition with Australia and Argentina in the wheat markets of the world. The resolution was defeated.

For some time past, both in the United States and Canada, we have heard much of the plight of China through depreciation of silver. It may well be there are interests in China that are not perturbed over the situation, and not at all anxious to join the nations of the world in a common monetary standard. The depreciated currency fits into the policy of economic nationalism; it has served to shut out the foreigner quite as effectively as the famous walls of years ago. Nor should we North Americans too bitterly complain if China reverts back to its traditional policy of exclusion, since by customs imposts we have both declared our unwillingness to accept Chinese goods in exchange for our own.

I should not at too great length discuss a matter which after all is just an introduction to our main theme. The peoples of the whole world became intensely, almost morbidly, conscious of race and nationality, and sought self-sufficiency as if it alone were consistent with national independence. The movement, primarily emotional, was hardened by an agricultural crisis which threw hundreds of thousands out of employment. "Work must be found for our own, no matter the cost." That

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was the cry—an appealing one. Even stolid Englishmen caught the spirit of an Empire which might be self-supporting.

The words "high and low," of course, have relative meanings, and it remains for us to have a view of our own tariff walls against the structures of the nations of the world before settling down to an analysis of the economic relations of the United States and Canada. Measurement of tariff walls is by no means a simple operation. There are conversions of currencies to be made, volumes to be weighted, countervailing excises to be subtracted, methods of valuation to be reconciled, and a round score of difficulties to be overcome in shaping common indices—a discouraging work no sooner done than undone by further revisions of tariff schedules. Inasmuch as countries vary in their list of specific and ad valorem rates, and specific rates vary with the rise and fall of commodity prices, it is really never possible to obtain accurate comparisons. It may be said, however, that the Netherlands and the United Kingdom, in spite of a limited tariff list, are entitled to cling to the free trade appellation, while Sweden and Denmark are low tariff countries. The United States is to be classed as a high tariff country, with Australia, Poland, Hungary and certain of the Eastern European countries approaching the high mark. The rest of the trading countries—I am not including Spain and several other countries that do not engage extensively in world trade—are to be put in the moderate class. Canadian tariff changes have been so rapidly upward this past six months that Canada may now have reached the high classification.

And who is there to say that any country's tariff policy is right or wrong? Tariffs are the economic clothes of a country in the sense that they ought to be shaped to the character and size of the country's industries. Suppose we follow that thought while in a few words I introduce Canada.

When the decennial census now under way is completed, it will probably be found that Canada has about ten millions of people. The United States has a population roughly twelve times that number. Here at the outset you have a condition that makes for differences in tariff legislation. The modern tendency of industry is toward mass production, and Canada

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cannot build industry successfully without securing markets abroad. Not having mass of demand at home, it must be found abroad.

Canada is a northern country. Our south is your north, and you probably regard the Dakotas, New Hampshire, and Maine as a queer south. We produce the raw materials of the north; you produce the materials of both north and south. We have to exchange the materials of the north for those of the south. In an attempt to correct this unbalance, we have put special stress upon the importance of trade with our Antipodes.

Foreign trade with Canada is a necessity. I assume it is highly desirable for the United States. That you are less dependent upon it ought not to lessen your interest in foreign trade, and probably does not. After all, it is misleading to speak of a country's trade except with reference to the Soviet. Under capitalism, individuals in the corporate capacity, or otherwise, engage in trade. We often say, as I have just said, that the United States is less dependent than most countries upon foreign trade, but I venture the opinion that there are Georgians who would be in dire straits without foreign markets for cotton and who, even now, feel the effects of diminished foreign buying power. I take it, the cotton planters are not the only American producers dependent for prosperity upon the outside world.

Having in mind the matter directly in hand, it is interesting to note that the per capita foreign trade of Canada for 1928 was $263, and that of the United States, $75. While I am in figures, let me give you a few more illustrative of Canada's position in the world's markets. In 1913 the total imports of 37 leading countries amounted in value to $18.2 billion, which by 1927 had increased to $28.5 billion, a gain of $10.3 billion. The Canadian contribution increased from $356.7 million in 1913 to $1.1 billion in 1927, or a gain of $746.6 million. Converting these figures into percentages, Canada's share of the total imports of the 37 countries grew from about 2 per cent in 1913 to about 4 per cent in 1927.

I repeat, Canada needs foreign trade and has shaped her tariff structure to supply the necessity. A reading of the

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Canadian schedule reveals three separate divisions, (a) British Preference, (b) Intermediate, and (c) General. The names are fairly descriptive of the purposes. Of course, there are free items across the board, but otherwise the preference rates are generally, though not always, lower than the General, and the Intermediate are generally, though not always, intermediate.

The preference tariff, as you would expect, is applied to imports from the United Kingdom and the British Dominions and Colonies set out in the enabling legislation—subject to conditions, the details of which, I fear, would be wearisome. The goods of all British countries are by no means admitted at the same rates. Canada has treaties or trade agreements with British countries that call for preference over or under the scheduled preference.

The idea behind the pereference is both political and economic. Through it Canada seeks to pay off some of its obligations to the Mother Country, and at the same time, give a concession to a good customer. The principle of the preference was laid down in the tariff revision of 1897, taking at first the form of a remission of 25 per cent of the duty ordinarily paid (August 1, 1898), which was later altered to a remission of 33 1-3 per cent of the ordinary rate (July 1, 1900), and later, 1904, converted into rates as set out in the schedule of the day.

Canada was the first of the Colonies to obtain the right of self-government, and, mark you, was the first of the overseas dominions to grant the Mother Country a trade preference. The practice is now general throughout the British Empire.

The intermediate schedule is in reality akin to the minimum schedule of the double tariff system common in Europe, and again, there are rates other than those in the intermediate schedule between the preferenc and the general rates—the outcome of specific rates set out in trade conventions. Canada has received from, and given to, some 25 countries, concessions from the general rates, including France, Italy, Japan, the Netherlands, Norway, Denmark, Sweden, and Argentina. You will observe that most of the low tariff countries of Europe are on the list. I realize the principle of bargaining tariff schedules is not generally held in high regard by economists, and naturally

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so, since governments have brought it into disrepute by frequently raising their schedules to afford room for concessions. Canada may not be quite guiltless of the practice but has kept it within family decent bounds.

Thus the Canadian tariff is a structure of several compartments. Our own producers are on the ground floor. The next up is reserved for our kinsmen within the British Empire; the third, for guests who come upon written invitations, having first returned the compliment. Upon both second and third floors are galleries with reserved seats. The fourth floor up is open to all who care to climb the stairs, including Americans of the United States.

Our lack of hospitality to a neighbor is not as ungenerous as it appears at first sight, for there are also preferred positions within the United States tariff structure, and no "Welcome" sign for Canadians above the door. Setting an example to the world in maintaining peace over a common boundary, three thousand miles long, we seek by tariffs to hold each other at arms length in matters of trade.

And yet we trade together. Strange as it may seem from a hasty view of our tariff schedules, you are our best customer, and we are your second best. I ask you to think of that a second time. Canadians, ten millions in number, year after year buy goods of greater value from the Americans of the United States than the Germans or the French or the Italians or the people of any one of the great populous nations, except our kinsmen in the United Kingdom, and at times our purchases have exceeded theirs, though they are four and one-half times our number.

Your two best foreign customers are both British; and we have been your best customers over a period of years. Canada in 1926 bought from the United States goods to the value of $738.5 million, and the United Kingdom, $972.6 million; in 1927, both purchases were about $800.0 million; in 1928 and 1929, the Canadian purchases exceeded $900.0 million and were of greater value than those of the United Kingdom. For those two years, Canada was actually the best foreign customer of the United States. Canadian purchases fell away in the year 1930

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by $289.0 million; and those of the United Kingdom declined by $170.0 million. Do you observe the disparity? I shall contend that only a measure of the shrinkage in your exports to Canada is due to the prevailing depression. I shall contend that many producers on both sides of the border line could not in 1930, make the tariff grades erected against them. And steeper grades are in sight.

Canadian imports from the United Kingdom in 1927-28 reached a value of $186.4 million, and in 1930-31 a value of $149.4 million. Canadian exports to the United Kingdom in 1927-28 were in value $412.7 million, and in 1930-31, $220.6 million. The figures of our trade with the United States and the United Kingdom are not of strictly comparable periods. But the difference in the periods does not affect the discussion.

Your first thought may be a natural inquiry as to why with preferential rates the trade between Canada and the United Kingdom is so substantially less than the trade between Canada and the United States. I shall offer you these five reasons:

(1) Canadians turn to the markets of the United States primarily seeking raw materials. The United Kingdom is itself an importer of raw materials. The cotton and ore you send us, and other raw materials, we generally accept without imposts. Thus it is that in spite of the preferential rates which Canada gives to the United Kingdom the average ad valorem rate of duty collected by Canada on total imports from the United States in 1829 was 14.1 per cent against an average impost of 20.6 per cent upon total imports from the United Kingdom.

Our shipments to you are even more largely of raw materials. Over a period of five years from 1925 to 1929 we sent you goods ranging in value from $331.7 million to $389.2 million which you accepted free of duty, and those goods made up from 72.5 per cent to 77.3 per cent of the total value of goods we shipped to the United States during the period.

(2) Canada is industrially immature. Many of its industries began as assembling plants, and some of them have not yet worked out of that position. Shaping its schedule to meet its needs, Canada has provided for the entry of materials and

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parts either free of duty or at low rates—again a condition that has worked against the operation of the Imperial Preference. The United Kingdom, as you know, is a maturely developed industrial country, and its exports are mainly of fully manufactured goods.

(3) The United States until the 1930 revision had a free list that was favorable to several of the products Canadian factories turn out with advantage, e. g. agricultural implements, binder twine, cement, boots and shoes, newsprint and certain wood products, some with and others without provision for retaliation if duties were imposed by importing countries. The removal of certain of these commodities from the free list has contributed to the present strained tariff relations of the two countries.

(4) Canada is comparatively sparsely populated. There are many things that cannot with advantage be made within it by reason of its inability to absorb a sufficient quantity of goods; and there are some other things which even the tariffists recognize should not be made in it. For illustration, there are machines of which only ten or twelve are made in the course of a year, and now and then Canada takes one. Obviously that one can seldom be made in Canada. Machines of the kind are expensive, and in the aggregate their value runs high. If you were to take the list of a hundred leading commodities imported into Canada in 1921, you would find machinery, $60.0 million, on top of the list.

Nearness must ever be a factor in marketing, particularly in the marketing of machinery, for when parts are required they should be readily obtainable. Connecticut is within twelve hours of our industrial centers; the United Kingdom ten days and more away.

(5) Canadians are British. Whether they speak French or English, they are British; they are devoted to British institutions and bent upon maintaining an autonomous position with the British Empire. Canadians admire the London that does not place stone upon stone in an endeavour to see its buildings scrape the sky. Canadians admire Londoners; but they imitate New Yorkers, and when they build towards the

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sky, they build upon the specifications of New York. The steel they cannot roll for themselves they buy in the United States. And so it runs from full fashioned hosiery to railway coaches. Your ways of living are largely our ways. For all that, remember, we are none the less British.

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ECONOMIC RELATIONS OF UNITED STATES AND CANADA WITH SPECIAL REFERENCE TO TARIFFS (*Continued*)

By William H. Moore, M. P.

II

It is not to wonder that the Imperial Preference has failed to force trade in greater volume through Imperial channels, but rather is it to wonder what would have been that volume without the preference. The year it was granted (1897), Canadian purchases from the United Kingdom were but $29.4 million. They had been $37.6 million in 1868, the first year of the Confederation of the Dominion. From 1873 to 1897, imports from the United Kingdom decreased by 56.7 per cent, while from 1897 to 1929 they increased by 560.0 per cent. The prefence stayed a declining trend. It brought about a substantial increase in the volume of Canadian purchases from the United Kingdom.

Because trade between Canada and the United States had meantime increased in greater proportion than trade between Canada and the United Kingdom, it is not to be taken that trade between the two North American countries is built upon a foundation that cannot be weakened by tariff action. The 1930 tariff legislation of Congress and the tariff legislation of the Canadian Parliament at the autumn session of 1930 and the session of 1931 have already placed that trade in a precarious position. The foundation has been undermined and, on the northern side of the border where the tariff may be revised yearly, the blasting has apparently just commenced. Take not my word for it; I do not speak with political authority. Take the actual conditions that have been created out of your 1930 tariff enactments. They are so widespread I cannot follow all of them. Generalizations, I fear, will not bring home to you actual conditions, so I propose to set out somewhat in detail the

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effects of one item—the prohibitory legislation against the importations of milk products.

I have chosen to put my remarks in the form of notes for sake of condensation, and if at times they remind you of the rough draft of a scenario, I shall not complain.

Indeed, the matter is not without dramatic features; it stretches into the high places of diplomacy; it is the anxious concern of at least three governments (not including your own); it brought about the defeat of one government; it carries us over thousands of miles of land and sea, and with related causes may—mind you, I do not say will—eventually cause serious diminution in the prosperity of Georgia and of the Southern States.

The scene is set in Washington. Congressional Committees are gathering evidence upon which to frame a revision of the country's tariff. The particular matter in hand is milk, with its products. Dairymen from Wisconsin, Iowa, Indiana, and western states are complaining that they cannot compete in the New York and Boston markets with Canadian dairymen of the St. Lawrence valley. The milk merchants explain:

(a) that the imports are required to supplement supplies needed by the congested industrial area which spreads south, west, and north from the city of New York, containing one-sixth of the populations of the United States, with three per cent of its area;

(b) that it was essential to let this concentrated industrial population, some of it with meager buying power, obtain food at prices within its reach;

(c) that the St. Lawrence Valley is within the natural milkshed of Boston and New York with shipping rates about four cents a quart less than those of the Middle West.

The western dairymen are by no means satisfied with the answer. They persist in their demand for protection and speak of unfair competition.

The merchants of milk products point out, first, that the Canadian producers have already complied with the stringent regulations of production laid down by Congress under the Lenroot-Taber Act (effective May 31, 1928) and, second, that under Presidential authority the duty on cream has only re-

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cently (May 14, 1929) been increased from 20¢ to 30¢ a gallon, and on milk, from 2½¢ to 3¾¢ a gallon.

The western dairymen are still unsatisfied. They stubbornly demand rates that will not merely protect but will prohibit. It is our market, they contend. What if New Englanders, New Yorkers, and New Jersians pay a few cents a quart more for our milk? We pay a few cents a pound or a few cents a yard more for most of the things they produce. They called for application of the principle of "America for the Americans," regardless of the sacrifice. They were economic nationalists, even as were the Poles, the Germans, and the French. It is a contagious spirit—one thing that crosses borders, speeded and not restrained by customs duties: an irresistible spirit when poured forth from flag draped hustings.

Congress raised the duties on milk to 6½¢, and cream, to 56.8¢ per gallon. The trade across the border almost ceased. The duty was prohibitive. Looking through a Canadian window, I say it was intended to prohibit.

The scene is shifted to Canada where a general election is in progress, and dairy products are the dominant theme. Canadians had not only exported dairy products, they had also imported them, mainly in the form of butter from New Zealand. The transaction had been nationally profitable. For the year ending November, 1929, the fat in the products exported brought a value of 55.07c per lb., while the fat in the products imported brought an average of 44.13c per lb., a net gain of 10.94c per lb., an aggregate gain for the year's business of $2,750,000.

Perhaps a better illustration could not be given of the profits of trade between nations. The most thickly populated portion of the United States had received a supply of really fresh milk and cream at lower costs than would have been possible with sole reliance upon domestic supply. The Canadian producers received higher prices for fresh milk and cream than they would have received had their milk been converted into factory products. New Zealand found a market in Canada for its milk which could not be sold without conversion into factory products. Each corner of the triangle had profit when in each there was freedom to trade. And now in each corner

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there is loss. However, I should not anticipate the conclusion.

When the Canadian dairymen found their products stopped on the south shore of the St. Lawrence, they protested the importation of butter from New Zealand upon which only a nominal rate was levied (one cent per pound) under provisions of a Treaty made between Australia and Canada (June 27th, 1925) and subsequently extended by Order-in-Council to include New Zealand. The Canadian dairymen had never taken kindly to the arrangement; it now became anathema. Unable to vent their ill-will upon the government of the United States, they opened wide the vent upon the Canadian government of the day. The trade arrangement with the sister Dominions in the southern Pacific had been exceedingly advantageous to Canadian industry, but the government could not resist the dairymen's barrage. Notice of intention to cancel the treaty and impose a four cent rate was served upon New Zealand. Too late. The government was defeated. (There were, of course, contributory causes, but it is perhaps not unfair to say that butter decided the election). The new government that as a party had gone to the country with the gospel of economic nationalism, was upon attaining power, thoroughgoing in its practice. The dairymen had asked for four cents a pound on butter; the government gave them eight cents.

The scene shifts to New Zealand, a country in which pastral and dairy products make up 90 per cent of the exports and 55 per cent of the country's output of goods. Thus there are no industrial centers in which fresh milk may be exchanged in quantity for factory goods. The milk must be converted into products that will stand shipment long distances. Generally, it is made into butter, and with modern refrigeration, is sent around the world. New Zealand's butter exports in 1930 reached a value of nearly twelve million sterling, even when prices were low.

The New Zealanders had been dependent upon our two North American countries for many of the factory goods they required, and particularly upon Canada. With the cancellation of the treaty, they turned to markets in which they could sell as well as buy. We cannot stay to examine all their new routes of trade. Let us follow the result upon just one commodity,

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motor vehicles. The Canadian Trade Commissioner at Auckland, reported June 27, 1931:

> "The higher customs tariff on Canadian motor vehicles which was introduced in August, 1930, has resulted in a drastic reduction in both number and value of imports from the Dominion. For the first three months of 1930, Canadian cars headed the list with 1,510, as they did also in 1929 with 2,741. This year the number of motor vehicles imported from Canada has fallen to 497, while Great Britain occupies first place with 1,080, a total exceeding those of Canada and the United States combined."

We are now back in Georgia. How shall we write the future? Events have not run their course. There are several things yet to be determined. Tell me please what are we to do with our motor cars? How can we put the men who walk the streets back in the factory. And you will recall, I trust, that Canada must obtain balance of employment by trade with the South. From one-third to nearly one-half of the motor vehicles made in Canada in normal times, have been exported. Can we exchange motor vehicles for cotton? Not with the South of the United States, for your costs of building motor cars are substantially less than ours. We acquired the art of building motor cars from you and are not yet as efficient as the master builder.

We buy our raw cotton mainly from the United States, and what we buy costs us roughly $12 million a year.We spend as much more with you for cotton goods, or I should say, have been buying goods to about that value. Since your 1930 tariff legislation the Parliament of Canada has raised the duties upon cotton goods, and our mills have been experimenting with Indian raw cotton. An uneconomic proceeding, you say. But we ought to buy where we sell; not in exact amounts and not necessarily over long periods of time, but trade has a tendency to flow in parallel channels. What will you take for your cotton? Not milk. You have said so. Not the range cattle that until 1930 you took to the Mississippi valley and fattened with corn. You have said by tariff action you want them no longer. Not leather, which only a year or so ago you took in quantity, and much of it harnessed the mules of the plantations which grow the cotton we buy. You disposed of our leather exports

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with the milk and cattle. Perhaps further specific mention of the things you will not take from us is unnecessary. The point is that you will not accept from us the services that we can better render you in exchange for the services you can better render us.

Should I be accused of having brought cotton into the picture because I am in a cotton state, I plead unhesitatingly guilty. The issue I have raised is not as remote as some of you may think. Economists are loath to admit the existence of overproduction, but varied as are the new industrial uses of cotton, they have not kept pace with the increased production; and all the while there has been a substitution of other materials for needs that were once supplied by cotton.

Our own requirements are but small. The United Kingdom is one of your best customers, and inspired by Manchester, the British government is striving to increase and improve production in its African possessions. I shall not tell you of the work accomplished by the British Cotton Growing Association nor of the operations of the Empire Cotton Growing Corporation. I assume you know of the financial assistance given by the British government, the tax collected from the spinners in order that areas of land within the Empire may be made productive of materials for the spindles of Lancashire. A year or so ago we investigated that movement at Ottawa, and I was surprised at the results and the prospects for the future. Germany is your good customer, and she lost in the War the colonies in which cotton growing might have been developed. Not so France. She now possesses the Alsatan factories that were once in German territory. France is encouraging the production of raw material in her African colonies; so is Italy. Japan draws heavily upon India for supplies of raw material and is said to be negotiating with Brazil for the development of new fields. The Soviet Union is supposed to be within striking distance of self-sufficiency. Again, I shall not continue with illustration.

I desire to impress upon you the thought that if you also would sell abroad, you must buy abroad. It may be your South would be better off with diversified farming. I have no

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opinion to offer on the subject further than to say: if you persist in growing more cotton than can be consumed in the United States, you are apparently going the wrong way about selling your surplus.

There is danger in illustration that the example may be taken for the case. Think not my case so far as Georgia's interest in Canadian trade is concerned rests upon milk and cotton and the things I have mentioned. You have, I assume, a real interest in the sale of fruits and vegetables, and that industry has been affected by the recent tariff action of our two governments. I shall not burden you with the tariff rates of that industry, and with but two or three guiding figures. Before 1930 we sold you fruits and vegetables to the value of two or three millions a year; we bought from you annually vegetables and their products to the value of seven millions a year, and fruits and their products, to the value of thirty million dollars. About the time committees at Washington were hearing deputations preparatory to the 1930 legislation, the fruit and vegetable growers were before the Tariff Board at Ottawa. To those of you who are interested in following the spirit of economic nationalism I commend the transcripts of the two hearings. When the farmer turns protectionist, he puts his heart into the business and now and then enlivens its pages with humour. I remember that a southern grower of potatoes, faced with evidence of the superior value of Prince Edward Island seed potatoes, thanked God he had never planted anything but Aroostook County seed. The patriotism was not all on one side, for I also recall a Canadian canner who, strong in the spirit, was weak in the flesh. He began his remarks by proclaiming his unalterable faith in Canada and deep affection for the Canadian peach, and then protested an increased duty upon the peaches of the south because they held their shape better when canned. Your growers objected to competition with cheap Mexican and West Indian labor; our growers against competition with the black labor of the South, although some of them were using the yellow labor of the Orient. One of your Congressmen protested against the importation of turnips from Canada on the argument that its field labor was performed by women and children. The statement was, of course, sheer nonsense; but such is the tissue of economic nationalism.

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However, the result is the main thing. Your government raised some of the duties within the fruit and vegetable schedules; our government raised the duties on practically all the items, giving a preference to the West Indies. Oranges remained on the free list until the spring of this year, 1931, when a duty of $0.75 a crate was imposed, obviously for the purpose of giving a preference to Australia in the treaty brought down this week. Our purchases of oranges from the United States during the last fiscal year had a value of $8.2 million, slightly less than the value of purchases the preceding year. I shall not now attempt to forecast the result of our efforts to buy oranges from those who will accept goods in return.

A sufficiency of illustration. We cannot complete the story of our tangled tariff relations today; it can be written only in the pages of time. We cannot see into the future, but in a general sort of way we ought, for welfare's sake, to try reasoning into it.

Frankly, I found it more difficult than I had expected to analyze the economic relation of our two countries. The fabric has been woven largely out of the domestic relations of producing groups within each country, and through it run innumerable threads of party politics which I would gladly avoid were it possible. Few governments ever take tariff action with the deliberate purpose of injuring the trade interest of another country. Almost invariably, duties are imposed at the request of domestic interests which cannot or will not give their services in competition with the world. Our customs schedule, as yours, is designed to yield revenue; but seldom in a tariff application to either government is revenue ever mentioned. What the traffic will bear may be the concern of finance ministers; it is rarely the concern of our great producing interest. In passing, it is interesting to note that in Canada a greater share of the expense of running the country's affairs is taken from the customs ports than in the United States. Until 1930 you were fairly generous in your free list (compared with Canada); many of the items in your dutiable list yield little revenue. They might well have been placed in the prohibiting para-

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graphs. All countries have a schedule for prohibited goods. Canada's makes strange reading: oleomargarine is between obscene books and counterfeit coin; and used motor vehicles have just been added as goods which Canadians should not, at any price, bring from abroad.

The plea for protection is usually based upon the needs of labor. Among the avowed objects of your 1930 legislation is the necessity of protecting American labor. I wonder how accurately your tariff rates were determined by the share which labor draws out of the product. Investigating the iron and steel industry in Canada we went quite thoroughly into the relation between labor's income and tariff rates. We found a branch of an American factory with a protection of 25 per cent, a turnover of half a million dollars a year and a pay roll including just seventeen men. Another industry, with a rate of 30 per cent upon its product, had in value a production of four million dollars a year, out of which less than half a million went to Canadian labor. These conditions I mention merely to emphasize the necessity of testing the plea of labor's interest. I do not suggest that there are similar condition in the United States; you are less likely to have them since a portion of our industry has not entirely passed out of the assembling stage. But I venture to say that American capital, proclaiming the deepest concern for American labor, has not hesitated to destroy labor's employment by capital goods (machinery), and did it under the shelter of the tariff that was ostensibly designed to protect the labor it replaced.

As I draw towards my conclusion, may I suggest that notwithstanding the great services already rendered by the American universities to public life there is still much to be done, particularly in the field we have in part explored together. Nor is the department of political economy alone concerned. It may be the department of psychology is better equipped to deal with the phenomena of economic nationalism. Investigation of the means by which the minds of the American people have been saturated with the slogan of America for the Americans might well be left to the department that has in charge the influence of the mass upon man. Upon your Southern boundary, there is the cry of Mexico for the Mexicans; upon

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your northern, with slightly more originality, that of Canada First. I offer you as an exhibit for examination a creed sponsored by the Canadian government which runs as follows—

MY CREED

I believe in Canada.
I love her as my home—
I honour her institutions.
I rejoice in the abundance of her resources.
I glory in the record of her achievements.
I have unbounded confidence in the ability of her people to excel in whatsoever they undertake.
I cherish exalted ideals of her destiny as a leader among world nations.
To her I pledge my loyalty—
To the promotion of her best interests I pledge my support.
To her products I pledge my patronage—
And to the cause of her producers I pledge my devotion.

Economic nationalism draws its force from emotion, not from reason. It is not to be checked by reason; it must, I fear, be allowed to run its course to the bitter end. We are all patriotic. The first duty of the Government of the United States is to the people of the United States. A Canadian would not have it otherwise. The first duty of the Canadian government is to the Canadian people. There is no dissent, no matter the school of thought. High tariffists or low tariffists, we all begin with that thought, and then we part company—the free trader into abstract argument, the low tariffist into statistics, while the high tariffist drapes his platform with the national flag and crys America for the Americans, or Canada First, or Fiji for the Fijians, according to the country in which he lives.

Suppose *you* take the slogan, "America for the Americans," *I* stand firmly by "Canada First"—what, then, shall we do with our respective tariffs? I propose we submit our schedules to our economists with instructions to report back item by item the gain that has accrued to the producers of each country by reason of the imposition of duties, with a distribution of the gain among the several parties engaged in production, and as well, the loss if any—and it is conceivable there be none—by the consumers. Since both producers and consumers are of common nationality, there can be nothing unpatriotic in our

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proceedings. What shall we do with the results? Can we do anything better than to give them to the people? After all, it is the people who send to Washington and to Ottawa the men and the women who make tariffs and establish the economic relations of our two countries. Not until the consequences of tariff action are made plain, American action upon American people and Canadian action upon the Canadian people, may we hope to straighten our tangled trade relations.

The responsibility for action is mainly yours. The nations of the world are looking to the American people for leadership. The word has long ago gone round the world that you have built your great industries by means of a protection that is virtually prohibition; the more confusing because you have protection, and at the same time, great industries; and still more confusing because the growth of many of your industries has been fostered by tariff action. Tell us, you men of the American universities, the balance of your loss and gain through protection, give us the results, not in support of this theory or that, but regardless of effect upon theories. I have not given the matter the consideration it deserves; nor have we beyond your windows the material out of which to make so serious an investigation. I cannot resist adding that to me it is certain that the territory within the United Staes would have been productive of great wealth irrespective of tariff policy, that wealth was inevitably yours by reason of the vast and varied resources of your country, the character and the inventive genius you possess.

All the while proclaiming America for the Americans, you are sending your capital abroad. They are mainly your factories that are idle in Canada, waiting orders from abroad for motor cars; mainly American machinery that stands still; Canadian men who walk the streets. There are $3.5 billion of United States' money invested in Canada, and that is only a fraction of your foreign investment. Since the War the great value exported from the United States has been capital. Within ten years the United States has accumulated as much by way of foreign investment as the United Kingdom in 150 years. How are you going to have it back? How are you to receive the interest? You cannot have it in gold, for the gold is not

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available. You declare, by your tariff laws, you will not have it in goods. How then are you to be paid? I do not know. When the United Kingdom was your creditor and ours, we both paid her in goods, and she freely accepted them. Now you are her creditor and ours, and you will not take our goods. The substitution of the United States and France as creditor nations, both protectionist, for the free trade United Kingdom has brought about a world's problem that is yet to be solved.

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MEMORANDA RE CANADIAN RUBBER INDUSTRY'S SITUATION
RESULTING FROM VALUATION OF U. S. DOLLAR AT PAR.

1. Valuation of U. S. dollar at par operates as a serious threat to the Canadian Rubber Industry.

2. For over a year (17 months) the average premium on U. S. funds has been - 14%.

3. During above period price levels of rubber products in U. S. have been savagely reduced.

   As proof of this, the financial statements of U. S. Rubber Companies show terrific losses. Tires being sold in the U. S. at 10%, 10%, 10%, 10%, 10%, 10%, 10%, 10%, 10%, 10% discount off prices established in January 1933.

4. Present Canadian tariff duties on rubber goods have not been sufficient to protect the Canadian situation for reasons stated in paragraph 3.

5. The average exchange-dump of 14% has been required to protect the Canadian market.

   There are Companies in the U. S. organized to manufacture and sell rubber products on mill-door basis - result no advertising, selling or servicing expense. The tires manufactured by such Companies can enter Canada at low valuations and constitute destructive competition in large Canadian centres.

6. The disappearance of extra protection of the 14% exchange-dump consequently leaves the Canadian Rubber Industry open to destructive attack.

7. With new materials purchased at par of exchange, present stocks on hand in the Canadian Rubber Industry, manufactured goods and raw materials owned and paid for by the Industry and on which there has been paid approximately $660,000.00 by way of premium on exchange, will have to be written down by this amount in order to be competitive - this represents an unavoidable dollar loss of $660,000.00

8. The disappearance of the 14% exchange-dump protection would compel the immediate lowering of prices of rubber goods in Canada by 14%. This would have two results -

   (a) It would affect the Profit and Loss statement of every Company and put many of these Companies into red figures. This consequent dollar loss based on 1933 estimated sales would be approximately $1,375,000.00

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(b) It would necessitate a price-reduction rebate to dealers for stocks of tires in their hands. This would represent an estimated actual repayment by manufacturers to dealers of $250,000.00

9. The disadvantages enumerated above are aggravated by the fact that the Canadian Rubber Industry is compelled to take forward position on raw rubber and cotton and to equip itself with inventories on finished stocks to provide for consumers' daily requirements. These stocks are distributed across the continent from Halifax to Vancouver.

A careful estimate of the Canadian Rubber Industry's forward position indicates the following:-

(a) Inventories of finished products -

i. In dealers' hands -	4 months stock
ii. In manufacturers' stocks -	4½ " "
	8½ months stock

(b) Inventories of raw materials -

i. Rubber -	20 months stock
ii. Cotton -	10 " "

NOTE - Stocks in dealers' hands would serve the consumers' demand in Canada for approximately four months and then the stocks owned by manufacturers would serve for a further 4½ months, making 8½ months and then with cotton and rubber and other inventories of crude materials fabricated into tires and rubber products, would add another 10 months in the case of cotton or another 20 months in the case of rubber.

10. All the major Canadian Companies in the Industry give branch services at key distribution points throughout Canada, advertise nationally, pay taxes wherever goods are manufactured or distributed and contribute considerably to the earnings of Transportation Companies.

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MILTON CAMPBELL GIVES PROOF OF
ACTUAL INCREASE IN DUTIES

The following important statement from Mr. Milton N. Campbell M.P. for McKenzie, deals with the relative duties exacted under Liberal and Conservative administration, showing in an authoritative manner how the King government in five years has increased the general tariff 2.5 per cent, the British preference 3 per cent, and is employing departmental regulations to impose higher tariff on certain agricultural implements.

Editor, Regina Daily Star.

Sir:- In the lastmail I received from one of my constituents a copy of the Regina Leader of November 13th last, with the request that I make a public reply to a letter contained therein from the pen of Mr. C. A. Banning, Regina. This letter, under the arresting caption of "A Wolf in Sheep's Clothing," deals with the newspaper report of a speech delivered at Unity, Sask., by Wm. Irvine, U.F.A. member of Parliament for Wetaskiwin, Alta. The writer quotes Mr. Irvine "as citing figures to show the tariff average was slightly higher than under the Conservative Government of Canada and that the Liberals, who had joined the Progressives had remained faithful to their principals." The letter is a lengthy diatribe against Mr. Irvine personally and, in the concluding paragraph it says:

"It is men of Bill Irvine's stamp who are far more dangerous to Liberal Principles than the out and out Conservatives."

If Mr. Banning would substitute "party" for "principles" in the above dictum there would be no argument as to its application.

ARGUMENTS IGNORED

Strangely enough, the letter completely igneres Mr. Irvine's actual arguments and confines itself to personal abuse, thus typifying the old legal maxim, "If you have a bad case abuse the opposing attorney". Ido not know what figures Mr. Irwine quoted on the occasion referred to, but he was simply expounding an obvious truth.

It will be admitted that, while the duty on some commodities is lowered and on others is raised from year to year, the only true index as to the tariff trend is the average duty collected. I have under my hand the "Trade of Canada", a publication issued by the King Government. On page 34 is a summary of the free and dutiable imports yearly since Confederation with average rates of duty on (a) dutiable imports, (b) all imports. An examination of these figures shows that the average rate collected by the Liberal and Conservative administrations respectively, since Confederation, differ only by a small fraction.

HERE IS THE PROOF

For the last five years of Conservative Administration the figures are as follows:

	Dutiable Imports	All Imports.
1917	23.8	13.0
1918	21.4	12.1
1919	21.5	12.3
1920	22.5	14.7
1921	20.6	14.1
Average for the 5 year period	21.9	13.2

For the following five years of Liberal regime the figures are:

Cont'd.

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Milton N. Campbell letter to the Regina Daily Star (2) 124725

	Dutiable Imports	All Imports.
1922	24.5	16.2
1923	24.9	16.7
1924	22.9	15.1
1925	23.3	15.1
1926	24.7	15.5
Average for the 5 year period.	~~25.0~~ 24.0	15.7

For the same two five-year periods the average duty on all British imports was 16 per cent and 19 per cent respectively, or 3 per-cent higher under the Liberals. In fact, the Tariff on British imports would appear to be gradually rising under the present administration and for 1928 it is the highest since 1896, being 20.6 per cent on all imports. Astonishing as this may seem, it would not be surprising to find a still higher average for the current year. Against the vigorous protests of the Progressive group, the King government made effective in February last, a regulation which automatically raised the tariff on many imports from Great Britain, such as cotton goods, copperware, fur and velvet goods and many drugs and chemicals. The effect of this regulation is to double the duty on common unbleached cotton of which we import millions of dollars worth. In hardly a single instance during the past eight years has a tariff schedule been revised upward, but continual raises have been made by subterfuge.

HOW DEPARTMENT WORKS

As in instance, spraying machines under tariff item 448, for agricultural purposes, bear 10 per cent duty, under item 453, other than agricultural purposes, 30 per cent. Now a spraying maching is about as much an agricultural implement as a binder and there should be no question as to the rate. Our low-tariff government, however, rules that the name of the farmer purchasing, description of his land, etc., must accompany each machine to qualify for item 448. Obviously the whole-saler importing cannot do this as the machines are not sold. Consequent-ly, the machines are imported at 30 per cent duty and the farmer pays the bill.

1926 the excise tax of 5 per cent was taken off Canadian manufactured automobiles but continued on the imported article, giving the manufacturer the extra protection without altering the rate of duty. The Progressive group agreed to the measure on the minister's definite assurance to the House that the manufacturers would not be permitted to take advantage of the 5 per cent and that the reduction would be passed on to the Canadian consumer. Mr. Coote placed con-vincing evidence before the House in the last two sessions that the companies were taking full advantage of the tax, but the minister's pledge was callously ignored by the government.

MR. IRVINE RIGHT

Now, curiously enough, a Montreal automobile dealer makes a protest before the Tariff Advisory Board; his brief affirms that not only are Canadian auto producers taking full advantage of the 20 per cent and 5 per cent tax, but owing to the difficulty in private parties importing cars the companies are charging considerably more than 20 plus 5 per cent above the American price for the similar car. The plea to the board demands the redemption of the minister's pledge to Parliament or, failing that, the elimination of the tax on the imported car.

I feel, therefore, that Mr. Irvine was quite right in his contention and I am glad to be able to defend him.

(signed) M. N. Campbell.

Pelly, December 27

The above was taken from the Regina Daily Star, December 30th, 1929.

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LIBERAL PROPAGANDIST'S EFFORT

TO EXPLAIN AWAY HIGHER TARIFF EXPOSED

C 24726

Milton N. Campbell, M.P.,

Clears "Smoke Screen"

by R. J. Deachman

Mr. Milton N. Campbell, Progressive M.P. for Mackenzie, has addressed the following reply through the Star to Mr. R. J. Deachman, of the Liberal publicity staff. Mr. Campbell through The Star recently disclosed that the Tariff had been raised 4.1 per cent. furing the past five year period over the last five years of Conservative rule.

To this Mr. Deachman circulated an article asserting that the increase in question was due to liquor importations.

Talk versus Action.

Mr. Campbell's rejoinder follows:

Editor, Regina Daily Star:

Sir:- A Liberal friend in the West has just forwarded me a pamphlet from the pen of Mr. R. J. Deachman, the subject of which is a letter of mine published in them Regina Daily Star and the Western Producer. I may say that I feel somewhat flattered over the fact that my shaft has struck home and was sufficiently effective to call into action the chief propagandist of the Liberal Party.

In the letter referred to, I had undertaken to defend Mr. Irvine, M.P., against attack in the Leader for a statement he made at Unity, Sask., that "the tariff average was slightly higher under the Liberal than the Conservative government of Canada."

With commendable generosity, Mr. Deachman absolves me from wrong motives for including 1922 in the Liberal column, and attributes it solely to ignorance on my part. May I point out that a government need not wait for the budget to make tariff changes. These are often made effective by administration rather than legislation. I quoted several instances in my letter, and the King government has notoriously sinned in this regard. I, therefore, contend that the average government takes some reasponsibility for tariff policy from the moment they take office.

A Spacious Argument.

However, I do not propose to quarrel with Mr. Deachman over such a small matter, and the including of 1922 in the Conservative column will not alter my argument. The Liberal slogan in Manitoba and Saskatchewan during the past two federal campaigns was "Don't split the low-tariff vote." This resulted in thousands of voters supporting Liberals rather than Progressives, owing to an honest fear that otherwise they might elect Conservatives, supposedly higher tariff than the Liberals.

To this spacious argument more than anything else is due the fact that Manitoba is represented in the Federal House by one one Progressive member and Saskatchewan by only four. How false and misleading this is a perusal of trade figures will show. The truth is beginning to dawn on these mistaken electors and our Liberal friends in fear bring in their tariff expert in the hope of continuing the illustration for another campaign.

Smoke Screen Effort

His effort in the pamphlet is not to clarify the discussion, but rather to surround it with a smoke screen through which his party may escape. Mr. Deachman reminds us of a certain odious fish that in order to avoid detection exudes an inky substance which clouds the water and enables it to hide.

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Now for the sake of peace let us accept his contention to include 1922 in the Conservative column, and make it the six-year period 1917 and 1922, as compared with 1923 to 1928, Conservative and Liberal, respectively:

	Conservatives		Liberals	
	6 year period 1917 to 1922 inclusive yearly av.		6 year period 1923 to 1928 inclusive yearly av.	
	All Imp.	Dutiable Imp.	All Imp.	Dutiable Imp.
Total imports (all countries).....	13.7	22.6	15.6	24
Gt. Britain.....	17.2	23.2	19.2	23.4
U. States.....	12.5	21.6	13.3	23

The 1929 figures have just come to hand and are:

All countries.....	15.8	24.4
Great Britain.....	20.6	25.9
United States.....	14.1	23.4

It will be noted that in every case the figures are higher under the Liberals than under the Conservatives.

All Figures Higher

I quote 1929 merely to show that in all cases the figures for that year are higher than the yearly average for the previous six-year period, indicating that the trend is upward, not downward.

The most of Mr. Deachman's article is devoted to explaining the higher rates under the Liberal rule. One would think that the very stars in their courses were fighting against the King government in this regard, and all the unfortunate circumstances of the century had combined to the showing of high tariff rates since 1922. The writer's arguments do justice to his dexterity as a political propagandist; in fact, the gentleman on the stage taking live rabbits out of the empty hat has nothing on our friend Mr. Deachman. One may appropriately quote the late President Wilson, "A specious use of words by which a horse chestnut is made to appear as a chestnut horse."

The outstanding excuse cited by Mr. Deachman is that of commodities taking specific instead of ad valorem rates(specific rates are a set price per ton or per article; ad valorem, a percentage on the value). In this list is cast iron pipe which, he states, bears a rate of $8.00 per ton. He points out that when prices advanced during the war, this class of goods would show a relatively reduced percentage; conversly, after the war, the drop in values would result in a higher average. To the extent to which cast iron ~~pi~~ pipe rose in value during the war and no raise was made in the specific rate, to that extent the government of the day reduces the duty. Similarly, to the extent to which values fell subsequently and rates were reduced, to that extent the then government raised the rates. I, therefore, still adhere to the statement that the true index to tariff trend is the average rate. If Mr. Deachman knows a better way to indicate tariff trend he does not say so. Either he has discovered no better way or, if he has, he has found it is still more detrimental to the record of the Liberal Party, for he very carefully avoids even mentioning it.

The next factor mentioned in the pamphlet is the large importation of raw materials which, it is claimed, tended to keep the tariff rate down during the Conservative regime. I find that the free imports varied practically not at all. These

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averaged $344,000,000 per year, 1923 to 1929, (liberal), and $348,000,000 for the period 1916 to 1922 (Conservative).

A Desperate Recourse

A further reason given by Mr. Deachman for the maintenance of high rates under the present government is the increase in liquor importations during recent years. These commodities bearing a high rate of duty naturally have some effect on the general average. In this, Mr. Deachman reveals himself as the drowning man clutching at a straw. The infinitesmal effect of the high liquor rate on the general average is shown by the fact that all alcoholic beverages comprise only 3 per cent of the total imports during the life-time of the present government.

Apart from this, however, Mr. Deachman completely ignores my statement that in all the years since Confederation, the difference in the average duty collected by the respective Conservative and Liberal administrations is only a slight fraction, being about one-third of one percent.

The above was taken from the Regina Daily Star, March 8, 1930.

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Hope the
New Zealand
Butter dont
come in here
to Manitoba

C Graham

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CANADA

TREATY WITH NEW ZEALAND WILL BE EFFECTIVE AT ONCE

Measure to be Introduced at Ottawa Tonight to Coincide With Action at Auckland

(British United Press.)

Auckland, N.Z., April 26.—Prime Minister Forbes, of New Zealand, said today that the Canadian-New Zealand trade treaty, which will be presented in the Canadian house of commons tonight, co-incident with similar action here, will be effective forthwith.

Under its terms, Canada will admit New Zealand butter at five cents per pound instead of eight cents, or at the same rate as is imposed upon Australian butter. Canadian manufactured goods, which have been under a retaliatory duty since the trade relations between the two countries became strained last year, will once more enjoy the British preferential rate. Canadian cars will be admitted at practically the former rate.

*** Owing to the difference in time which puts Wellington 16½ hours ahead of Ottawa, the new treaty, which will be placed before the Canadian parliament at 11 o'clock tonight (Tuesday), will be tabled simultaneously in the New Zealand house at 3.30 p.m. Wednesday, New Zealand time.

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[1 2 4 7 3 1]
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Tariffs

347 Bay Street, Toronto,
March 2, 1933.

Dear Mr.Schwartz:

Mr. Meighen received your letter of 27th February just before leaving for the West, and asked me to acknowledge it.

He thinks you should immediately lay the matter before Mr. Rhodes, with copy of your memorandum to Mr. R. W. Breadner. Upon receipt of replies, kindly write to Mr. Meighen at Ottawa, indicating what further developments there have been, and suggesting anything further he can do.

I may say that Mr. Meighen expects to return to Toronto on Monday morning (the 6th instant) and will be in Ottawa Tuesday.

Youre very truly,

Secretary.

Mr. A. Schwartz,
355 St. James St. W.,
Montreal, Que.

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CANADA

124732

A. SCHWARTZ
INDUSTRIAL ENGINEER
355 ST. JAMES STREET WEST
MONTREAL

27th February 1933

Rt.-Hon. Arthur Meighen,
Senate House,
Ottawa, Ontario.

My dear Mr. Meighen:-

Shortly after Mr. Bennett's election I called on him with Doctor Dreyfus of the Celanese Company and we promised the Prime Minister that if we could get a reasonable amount of protection on acetate yarns and fabrics imported into Canada we would build a $2,000.000.00 extension to the plant at Drummondville and employ several hundred more people.

We did not get all the protection we asked for, but we kept our promise and built the extension and have employed these people night and day ever since, and as you know, in spite of the difficult times we are doing a very large business due to the fact that we are selling a very desirable product at a very close price.

Successful men and successful institutions arouse a good deal of jealousy and some of our friends in the silk and artificial silk business here have been appealing to the officials at Ottawa to cut down the tariff on acetate yarns when imported into Canada on the ground that acetate artificial silk yarns are different in class and kind within the meaning of the tariff regulations from the viscose artificial silk yarns made in Cornwall, Ontario and also that Canadian Celanese Limited does not offer Celanese yarns at reasonable prices and are unwilling to furnish them to the trade.

Both of these statements are absolutely false and unfair. To be sure, Celanese and viscose yarns are quite different, but they are universally recognized throughout the world as the same class and kind of yarn.

Moreover, acetate yarns made in Europe can be imported into Canada, duty and freight paid and landed here at a price with which Canadian Celanese Limited at Drummondville can not hope to compete by reason of the much smaller production at Drummondville and the much higher cost of labour as compared with France and Czecho Slovakia.

Personally, I do not believe for a moment that the Government would make fish of one manufacturer and flesh of another and it is scarcely credible to think that the Revenue Department can be employed to help throttle a sound, economic and beneficent industry which is making a very desirable product and marketing it at a very low price, merely because a competing industry finds them difficult competition.

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On the other hand, I feel that we ought to take every precaution to assure ourselves that this situation is amply and strongly combatted and I thought I would write you to ask you if you could advise me the proper procedure in the circumstances.

We have taken this matter up with the Revenue Department through Mr. Wilson of Bain, Wilson & Maynard, and if you thought it advisable, I could see Mr. Bennett or Mr. Rhodes or both.

We are not disturbed, and we feel that in spite of the difficulties we will continue to do a large and reasonably profitable business but if we were let alone to continue our business instead of being harrassed by attacks of this nature, we feel we could do better by our shareholders and discharge some of the back dividends we owe them, on which, I can advise you, they have had but one dollar return in back dividends of over four years.

With very cordial regards and hoping to see you soon,

Sincerely yours,

A. Schwartz.

AS/s

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Tariffs
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A. SCHWARTZ
INDUSTRIAL ENGINEER
355 ST. JAMES STREET WEST
MONTREAL

17th March 1933

Rt.-Hon. Arthur Meighen,
Senate House,
Ottawa, Ontario.

My dear Mr. Meighen:-

I have been advised that there will be no action by the Department in the matter of change in tariff on Cellulose Acetate yarns or fabrics in the coming Budget.

I very much appreciate the suggestions made in the letter from your Secretary and in the event of this matter becoming active again, I will discuss this matter with Mr. Rhodes and send a copy of the memorandum to Mr. R. W. Breadner, whom I will also see personally.

You will be glad to hear that in these very difficult times the Celanese Company is still very busy and while the prices are very much down, the earnings are running just a little under the very satisfactory showing made last year.

Yours sincerely,

A. Schwartz.

AS/s

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Tariffs - etc
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MINISTER OF FINANCE
CANADA

Private

Ottawa, March 17, 1933.

Dear Meighen,

I enclose herewith two mimeographed copies of Schedule III of the Sales Tax as it appears now after a number of items have been removed and also a separate list of items showing those formerly exempt, or on the half list, which it is not proposed to tax.

Sincerely yours,

Encs

The Rt. Hon. Arthur Meighen,
347 Bay Street,
TORONTO, Ontario.

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SECRET

PROPOSED EXEMPTIONS FROM THE CONSUMPTION OR SALES TAX
UNDER THE SPECIAL WAR REVENUE ACT

SCHEDULE III

Bread, not to include rolls, buns or similar goods, whether sweetened or not; flour, not including self-raising flour; animals living; live poultry;meats and poultry, fresh; meats salted or smoked; milk, including buttermilk; condensed milk, evaporated milk and powdered milk; cream; butter; cheese; lard, when produced in Canada; eggs; vegetables, fruits, grains and seeds in their natural state; shorts; bran and middlings when for use as cattle, hog, poultry or other stock feed; alfalfa meal; oil cake, oil cake meal; grains mixed or crushed for cattle or poultry feed; hay; straw; hops, when produced in Canada; nursery stock; vegetable plants; other farm produce sold by the individual farmer of his own production; bees; honey; sugar; maple syrup; salt, when manufactured or produced in Canada; ice; fish and products thereof ; ores of metals of all kinds; fuel other than in liquid form; gold and silver in ingots, blocks, bars, drops, sheets or plates unmanufactured; British and Canadian coin and foreign gold coin; logs and round unmanufactured timber; split fence posts; fence posts, railroad ties, pulpwood, tan bark, and other articles the product of the forest, when produced and sold by the individual settler or farmer; newspapers and quarterly, monthly, bimonthly and semi-monthly magazines and weekly literary papers unbound; materials for use only in the construction, equipment and repair of ships; ships licensed to engage in the Canadian coasting trade; radium; electricity; gas manufactured from coal, calcium carbide or oil for illuminating or heating purposes; artificial limbs, and parts thereof; artificial eyes; donations of clothing and books for charitable purposes; settlers' effects; War Veterans' badges; memorials or monuments erected in memory of soldiers who fell in the Great War; articles for the use of the Governor General; articles imported for the personal or official use of the British High Commissioner, Ministers of Foreign Countries, Consuls General who are natives or citizens of the country they represent and who are not engaged in any other business or profession; bibles, missals, prayer books, psalm and hymn books, religious tracts, and Sunday school lesson pictures; manila fibre for use only in the manufacture of rope not exceeding one and one-half inches in circumference for the fisheries; boats bona fide purchased by individual fishermen for their own personal use in the fisheries; articles and materials used in the manufacture of boats bona fide built for individual fishermen for their own personal use in the fisheries; sinkers and floats including trawl kegs, when for use exclusively in the fisheries, not including these articles for sportsmen's purposes; fibre for use only in the manufacture of binder twine; fertilizers; dried beet pulp; manuscript; raw furs; wool not further prepared than washed; drain tiles for agricultural purposes;

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printed text-books authorized by the Department of Education of any province in Canada and phonograph records so authorized for instruction in the English and the French language, and materials used exclusively in the manufacture or production thereof; insulin; calf, cattle, hog, fox or poultry feed; preparations or chemicals sold for disinfecting, dipping or spraying and so used in agriculture or horticulture, and materials for use exclusively in manufacture or production of such preparations; cream separators and parts thereof; cars and other similar appliances for use exclusively at a mine or a quarry for mining or quarrying; articles and materials to be used exclusively in the manufacture of cars and other similar appliances for use exclusively at a mine or a quarry for mining or quarrying; articles and materials to be used exclusively in the manufacture of cream separators and parts thereof; materials, not to include plant equipment, consumed in process of manufacture or production, which enter directly into the cost of goods subject to the consumption or sales tax, manufactured or produced by a licensed manufacturer or producer; articles and materials, not to include permanent equipment, which enter into the cost of manufacture or production of goods manufactured or produced by a licensed manufacturer or producer; usual coverings to be used exclusively for covering goods not subject to the consumption or sales tax; materials to be used exclusively in the manufacture of usual coverings to be used for covering goods not subject to the consumption or sales tax.

Woollen rolls or wool yarn milled for a producer of wool from such wool supplied by him for his own use; cotton duck and cotton sail twine to be used only in the manufacture of equipment for ships or vessels; official stationery imported by His Majesty's Trade Commissioners in Canada from His Majesty's Stationery Office in England; crushed stone, produced or manufactured by any municipality exclusively for use in building or maintaining its roads or sidewalks, and not for sale, and sand, gravel, rubble and field stone; lasts for boots and shoes including rubber footwear and patterns and dies for boots and shoes including rubber footwear; apples, dried, desiccated or evaporated; articles and materials for the sole use of any bona fide public hospital certified to be such by the Department of National Health, when purchased in good faith for use exclusively by the said hospital and not for resale; preparations for use exclusively as gopher poison; bakers' cake and pies when produced by any one manufacturer or producer to the value of not more than three thousand dollars in any one calendar year.

GOODS ENUMERATED IN CUSTOMS TARIFF ITEMS:

40. Salt for use of the sea or gulf fisheries;

173. Books, embossed, and grooved cards for the blind; and books for the instruction of the deaf and dumb and blind; maps and charts for the use of schools for the blind;

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175. Books not printed or reprinted in Canada, which are included and used as text-books in the curriculum of any university, college or school in Canada; books specially imported for the bona fide use of incorporated mechanics' institutes, public libraries, libraries of universities, colleges and schools, or for the library of any incorporated medical, law, literary, scientific, or art association or society, and being the property of the organized authorities of such library, and not in any case the property of individuals - the whole under regulations prescribed by the Minister -provided that importers of books who have sold the same for the purpose mentioned in this item shall, upon proof of sale and delivery for such purpose, be entitled to a refund of any duty paid thereon;

209b. Nicotine sulphate;

281. Fire brick, containing not less than ninety per cent of silica; magnesite fire brick or chrome fire brick; other fire brick valued at not less than one hundred dollars per one thousand, rectangular shaped, the dimensions of each not to exceed one hundred and twenty-five cubic inches, for use exclusively in the construction or repair of a furnace, kiln or other equipment of a manufacturing establishment;

281a. Fire brick, n.o.p., for use exclusively in the construction or repair of a furnace, kiln, or other equipment of a manufacturing establishment;

352a. Bells, when imported for use in churches only;

364. Diamond dust or bort and black diamonds, for borers;

406. Coil chain, coil chain links, including repair links, and chain shackles, of iron or steel;

409a. Milking machines and attachments therefor; centrifugal machines for testing butterfat, milk or cream; complete parts of all the foregoing;

409b. Cultivators, harrows, seed-drills, horse-rakes, horse-hoes, scufflers, manure spreaders, garden seeders, weeders, and complete parts of all the foregoing;

409c. Ploughs; farm, field, lawn or garden rollers; soil packers; complete parts of all the foregoing;

409d. Mowing machines, harvesters, either self-binding or without binders, binding attachments, reapers, harvesters in combination with threshing machine separators including the motive power incorporated therein, and complete parts of all the foregoing;

409e. (i) Spraying and dusting machines and attachments therefor, including hand sprayers; apparatus specially designed for sterilizing bulbs; pressure testing apparatus for determining maturity of fruit; pruning hooks; pruning shears, animal dehorning instruments; and complete parts of all the foregoing;
(ii)Fruit and vegetable grading, washing and wiping machines and complete parts therefor;

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409f. Hay loaders, hay tedders, potato planters, potato diggers, fodder or feed cutters, ensilage cutters, grain crushers and grain or hay grinders for farm purposes only, post hole diggers, snaths, stumping machines and all other agricultural implements or agricultural machinery, n.o.p., and complete parts of all the foregoing;

409g. Incubators for hatching eggs, brooders for rearing young fowl, and complete parts of all the foregoing;

409i. Scythes, sickles or reaping hooks, hay or straw knives, edging knives, hoes, pronged forks, rakes, n.o.p.;

Complete parts for goods enumerated in Tariff Item 409i;

409j. Fanning mills; peaviners; corn husking machines; threshing machine separators, including wind stackers; baggers, weighers and self-feeders therefor; complete parts of all the foregoing;

409k. Windmills and complete parts thereof, not including shafting;

409n. Portable engines with boilers, in combination, for farm purposes; horse powers and traction engines for farm purposes n.o.p.; and complete parts of all the foregoing;

410b. Machinery and apparatus for use exclusively in washing or dry cleaning coal at coal mines or coke plants; machinery and apparatus for use exclusively in producing coke and gas; machinery and apparatus for use exclusively in the distillation or recovery of products from coal tar or gas; and complete parts of all the foregoing, not to include motive power, tanks for gas, nor pipes and valves 10½ inches or less in diameter;

411. Machinery for use in sawing lumber, up to but not including the operation of planing, and complete parts thereof, not to include motive power, when for use exclusively in sawmills (for the purpose of this item motive power is defined as equipment for driving the machinery of the sawmill);

411a. Machinery, logging cars, cranes, blocks and tackle, wire rope, but not including wire rope to be used for guy ropes or in braking logs going down grade, and complete parts of all the foregoing, for use exclusively in the operation of logging, such operation to include the removal of the log from stump to skidway, log dump or common or other carrier;

411b. Cylinder stave saws, wheel type stave jointers, crozing and champhering machinery, when for use exclusively in making staves;

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439c. Farm wagons, farm sleds, logging wagons, logging sleds, and complete parts thereof;

440k. Engines and complete parts thereof, to be used exclusively in the propulsion of boats or in hoisting nets and lines used in such boats bona fide owned by individual fishermen for their own use in the fisheries, under regulations prescribed by the Minister;

442. Articles which enter into the cost of manufacture of the goods enumerated in tariff items 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409o, and 439c, when imported by manufacturers for use exclusively in the manufacture in their own factories of the goods enumerated in tariff items 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409o, and 439c, under regulations prescribed by the Minister;

442a. Notwithstanding the provisions of tariff item 442, materials or commodities as hereunder defined or described, when imported by manufacturers for use exclusively in the manufacture, in their own factories, of the goods enumerated in tariff items 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409j, 409o, and 439c, under regulations prescribed by the Minister:-

(1) Pig iron;
(2) Bars or rods, of iron or steel, hot rolled;

460. Materials to be used in Canada for the construction of bridges and tunnels crossing the boundary between the United States and Canada, when similar materials are admitted free under similar circumstances into the United States, under regulations prescribed by the Minister;

464. Steel dies, of a class or kind not made in Canada, valued at not less than one thousand dollars each, for use exclusively in stamping metal sheets or metal plates: Provided that such dies shall be exported from Canada under Customs supervision within three months from the date of import entry;

476. Surgical and dental instruments of any material; surgical needles; X-ray apparatus; surgical operating tables for use in hospitals; microscopes valued at not less than $50 each by retail; and complete parts of all the foregoing;

476a. Glassware and other scientific apparatus for laboratory work in public hospitals; apparatus for sterilizing purposes, including bedpan washers and sterilizers but not including washing or laundry machines; all for the use of any public hospital, under regulations prescribed by the Minister;

480. Crutches or specially constructed staffs for cripples;

538. Binder twine or twine for harvest binders;

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663b. Articles which enter into the cost of the manufacture of fertilizers, when imported for use exclusively in the manufacture of fertilizers;

666. Nitro-glycerine, giant powder, nitro and other explosives;

667. Blasting and mining powder;

682. Fish hooks, for deep-sea or lake fishing, not smaller in size than number 2.0; bank, cod, pollock and mackerel fish lines; and mackerel, herring, salmon, seal, seine, mullet, net and trawl twine in hanks or coil, barked or not - in variety of sizes and threads - including gilling thread in balls, and head ropes for fishing nets; marline, and net norsels of cotton, hemp or flax; and fishing nets or seines, and manila rope, not exceeding one and one-half inches in circumference, when used exclusively for the fisheries, not to include hooks, lines, nets or ropes commonly used for sportsmen's purposes;

692. Coins, cabinets of; collections of medals and collections of postage stamps; medals of gold, silver or copper, and other metallic articles actually bestowed as trophies or prizes and received and accepted as honorary distinctions, and cups or other metallic prizes (not usual merchantable commodities),won in bona fide competitions;

695a. Paintings in oil or water colours, and pastels, valued at not less than twenty dollars each; paintings and sculptures by artists domiciled in Canada but residing temporarily abroad for purposes of study, under regulations by the Minister;

696. Philosophical and scientific apparatus, utensils, instruments, and preparations, including boxes and bottles containing the same; maps, photographic reproductions, casts as models, etchings, lithographic prints or charts; mechanical equipment of a class or kind not made in Canada. All articles in this item, when specially imported in good faith for the use and by order of any society or institution incorporated or established solely for religious, philosophical, educational, scientific or literary purposes, or for the encouragement of the fine arts, or for the use and by order of any public hospital, college, academy, school, or seminary of learning in Canada, and not for sale, under regulations prescribed by the Minister;

700. Animals and articles brought into Canada temporarily and for a period not exceeding three months, for the purpose of exhibition or of competition for prizes offered by any agricultural or other association: Provided a bond shall be first given in accordance with regulations prescribed by the Minister, with the condition that the full duty to which such animals or articles would otherwise be liable shall be paid in case of their sale in Canada, or if not re-exported within the time specified in such bond;

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701. Menageries, horses, cattle, carriages and harness of, under regulations prescribed by the Minister;

702. Carriages for travellers, and carriages laden with merchandise, not to include circus troupes or hawkers, under regulations prescribed by the Minister;

703. Travellers' baggage, under regulations prescribed by the Minister;

704. Apparel, wearing and other personal and household effects, not merchandise, of British subjects dying abroad, but domiciled in Canada; books, pictures, family plate or furniture, personal effects and heirlooms left by bequest;

ARTICLES AND MATERIALS TO BE USED EXCLUSIVELY IN THE MANUFACTURE OF GOODS ENUMERATED IN CUSTOMS TARIFF ITEMS :

281, 281a, 391a, 406a, 406b, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409i, 409j, 409k, 409n, 410b, 411, 411a, 411b, 439c, 440k, 442, 442a, 476, 476a, 480, 538, 663,663a, 663b, 666, 667, 696.

MATERIALS, NOT TO INCLUDE PLANT EQUIPMENT,CONSUMED IN PROCESS OF MANUFACTURE OR PRODUCTION, WHICH ENTER DIRECTLY INTO THE COST OF GOODS ENUMERATED IN CUSTOMS TARIFF ITEMS:

281, 281a, 391a, 406a, 406b, 409a, 409b, 409c, 409d, 409e, 409f, 409g, 409i, 409j, 409k, 409n, 410b, 411, 411a, 411b, 439c, 440k, 442a, 476, 476a, 480, 538, 663, 663a, 666, 667, 696.

THE FOLLOWING GOODS WILL BE SUBJECT TO ONE-HALF OF THE EXISTING SALES TAX RATE:

SCHEDULE IV

All articles manufactured or produced by the labour of the blind in institutions in Canada established for their care or under the control or direction of such institutions.

THE FOLLOWING GOODS TO BE EXEMPT FROM THE SPECIAL EXCISE TAX ON IMPORTATIONS:

SCHEDULE V

Articles on which other excise taxes are imposed on importation by Part XI of this Act; raw leaf tobacco when imported by licensed tobacco or cigar manufacturers;material for the manufacture of binder twine for export, when imported by the manufacturers thereof; British and Canadian coin and foreign gold coin, bullion and unmanufactured gold; fish and other products of the fisheries of Newfoundland; fish caught by fishermen in vessels registered in Canada or owned by any person domiciled in Canada, and the products thereof carried from the fisheries in such vessels; donations of clothing for charitable purposes; bibles; fertilizers; animals for the improvement of stock; boards,planks and deals of fir, spruce, pine, hemlock or larch, in the rough, or not further manufactured than planed or dressed on one side, when imported from a country which admits free of duty similar lumber imported from Canada; goods enumerated in Customs Tariff Items 364, 460, 700, 702, 703, 704, 705,705a, 706, 707, 708 and 709.

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RESUME OF SUGGESTED CHANGES IN SALES AND EXCISE TAXES. SECRET

124743

THE FOLLOWING GOODS, FORMERLY EXEMPT FROM TAX,

NOW SUGGESTED AS TAXABLE AT THE FULL RATE IN FORCE:

Self-raising flour, oatmeal, rolled oats, cornmeal and rolled wheat, when in packages exceeding five pounds each in weight; buckwheat meal and pea meal; pearl barley; split peas; barley meal; pot barley;

Rice, cleaned;

Macaroni and vermicelli;

Bran and middlings when sold for human consumption in packages exceeding five pounds each in weight;

Molasses; corn syrup; sugar cane syrup;

Fuel in liquid form;

Calcium carbide;

Carbolic or heavy oil, to be used only in creosoting logs and round unmanufactured timber;

Wrought, seamless, or lap-welded iron or steel tubing, less than four inches in diameter, threaded and coupled, or not, when used only in oil wells, and materials used in the manufacture of such tubing;

Machinery and apparatus used only in the pumping of crude oil out of wells, and articles and materials used in the manufacture of such machinery or apparatus;

Goods enumerated in Customs Tariff Items:

64. Sago and tapioca;

219a. Non-alcoholic preparations or chemicals for disinfecting, dipping or spraying, n.o.p.;

See Page 5 for changed Item

219c. Non-alcoholic preparations or chemicals, such as are used for disinfecting, dipping, or spraying, when in packages not exceeding three pounds each, in weight;

Dry preparations used for the same purposes as goods enumerated in Items 219a and 219c;

391a. Castings, of iron or steel: being ingot moulds for use in the production of steel;

409o. Equipment for generating electric power for farm purposes only, viz: engine, gas tank, generator, storage battery and switchboard; and complete parts of all the foregoing;

410c. Machinery and apparatus and complete parts thereof for use exclusively in producing unrefined oil from shales, not to include motive power, of a class or kind not made in Canada.

410d. Well-drilling machinery and apparatus, and complete parts thereof, of a class or kind not made in Canada, and seamless iron or steel tubing

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over eight inches in diameter, for use exclusively in drilling for water, natural gas or oil, and in prospecting for minerals, but not to include motive power; including goods enumerated in this item of a class or kind made in Canada;

410e. Well-drilling machinery and apparatus and complete parts thereof, and rope twenty-one hundred feet and over in length, capable of drilling wells of two thousand feet and over in depth, of four inches and over in diameter, and of raising and lowering casing over four inches in diameter for such wells, for use exclusively in drilling for water, natural gas and oil, and in prospecting for minerals, not to include motive power;

410f. Machinery and appliances of iron or steel, of a class or kind not made in Canada, and elevators, and machinery of floating dredges, for use exclusively in alluvial gold mining;

410g. Articles for use exclusively in the metallurgy or smelting of iron, viz.: machinery and apparatus for sintering or nodulizing iron ore, concentrated or not, or flue dust; machinery and apparatus for use exclusively in the construction, equipment and repairs of blast furnaces for smelting iron ore, such machinery and apparatus to include hot blast stoves and burners, blast piping and valves connecting the blowing engines with the furnace, scale cars, charging and hoisting apparatus, blast furnace gas piping, cleaners and washers; and integral parts of all the foregoing, but not to include wrought iron pipe or valves 10½ inches and under in diameter, nor structural iron work;

410k. Machinery and apparatus, of a class or kind not made in Canada, for use exclusively in handling ore and other materials to be charged into the blast furnace, from the dock, car or stock pile, at the smelting works;

410l. Ore crushers, rock crushers, stamp mills, grinding mills, rock drills, percussion coal cutters, coal augers, rotary coal drills, n.o.p., and complete parts of all the foregoing, for use exclusively in mining, metallurgical or quarrying operations;

410m. Diamond drills and core drills, not including motive power, and electrically operated rotary coal drills, of a class or kind not made in Canada, and integral parts of the foregoing, for use exclusively in mining operations;

410n. Diamond drills and core drills, not including motive power, and electrically operated rotary coal drills, n.o.p., and integral parts of the foregoing, for use exclusively in mining operations;

410o. Coal cutting machines, n.o.p.; coal heading machines; electric or magnetic machines for concentrating or separating iron ores; automatic scales for use with conveyors; and integral parts of all the foregoing, for use exclusively in mining or metallurgical operations;

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410p. Sundry articles of metal as follows, for use exclusively in mining and metallurgical operations, viz.: furnaces for the smelting of ores; converting apparatus for metallurgical processes in metals; machinery for the extraction of precious metals by the chlorination or cyanide processes, not to include pumps, vacuum pumps or compressors; blast furnace blowing engines for the production of pig iron; and integral parts of all the foregoing;

410q. Pumps and vacuum pumps, and complete parts thereof, for use exclusively in the extraction of precious metals by the chlorination or cyanide processes;

410s. Amalgam safes; automatic ore samplers; automatic feeders; retorts; mercury pumps; pyrometers; bullion furnaces, amalgam cleaners; and integral parts of all the foregoing, for use exclusively in mining or metallurgical operations;

410z. Machinery and apparatus, n.o.p., and complete parts thereof, for the recovery of solid or liquid particles from flue or other waste gases at metallurgical or industrial plants, not to include motive power, tanks for gas, nor pipes and valves 10½ inches or less in diameter;

431. Shovels and spades, of iron or steel, n.o.p.;

431a. Axes;

439d. Freight wagons, drays, sleighs, n.o.p., and complete parts thereof;

1017. Lap-welded tubing of iron or steel, not less than four inches in diameter, threaded and coupled or not, when used in casing water, oil and natural gas wells, or for the transmission of natural gas under high pressure from gas wells to points of distribution;

U N E N U M E R A T E D :

Iron or steel pipe, not butt or lap-welded, and wirebound wooden pipe, not less than thirty inches in internal diameter, for use in alluvial gold mining; including articles and materials used exclusively or consumed in the manufacture of the said pipe.

Articles and materials to be used exclusively in the manufacture of goods enumerated in Customs Tariff Items:

219a, 219c,- Dry preparations used for the same purposes as goods enumerated in Items 219a and 219c, 409o, 410d, including goods enumerated in this Item of a class or kind made in Canada; 410e, 410f, 410g, 410k, 410l, 410m, 410n, 410o, 410p, 410q, 410s, 410z, 431, 431a, 439d, tubing enumerated in Customs Tariff Item 1017.

Materials, not to include plant equipment, consumed in process of manufacture or production, which enter directly into the cost of goods enumerated in Customs Tariff Items:

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409c, 410d, including goods enumerated in this Item of a class or kind made in Canada, 410e, 410f, 410g, 410k, 4101, 410m, 410n, 410o, 410p, 410q, 410s, 410z, 431, 431a, 439d, tubing enumerated in Customs Tariff Item 1017.

THE FOLLOWING GOODS, FORMERLY TAXABLE AT THE HALF-RATE, NOW SUGGESTED AS TAXABLE AT THE FULL RATE IN FORCE:

SCHEDULE IV

Boots and shoes, including rubber footwear;

Creosoted railroad ties;

Printing paper for use exclusively in producing newspapers and quarterly, monthly, bimonthly and semi-monthly magazines, weekly literary papers unbound, bibles, missals, prayer books, psalm and hymn books, religious tracts and Sunday school lesson pictures;

Moist mince meat;

Yeast.

The goods enumerated in Customs Tariff Items as follows when produced or manufactured in Canada:

89. Vegetables, prepared, in air-tight cans or other air-tight containers;
    (a) Beans, baked or otherwise prepared;
    (b) Corn and tomatoes;
    (c) Peas;
    (d) N.O.P.:

90. Vegetables, prepared or preserved:
    (d) Pastes, hash and all similar products, composed of vegetables and meat or fish, or both, n.o.p.;

105. Fruit pulp, with sugar or not, n.o.p., and fruits, crushed or frozen;

105d. Jellies, jams, marmalades, preserves, fruit butters and condensed mince meats;

106. Fruits, prepared, in air-tight cans or other air-tight containers:
    (a) Apricots, peaches and pears;
    (b) Pineapples;
    (c) N.O.P.

THE FOLLOWING GOODS, FORMERLY TAXABLE AT THE FULL RATE, NOW RECOMMENDED FOR EXEMPTION:

Complete parts for goods enumerated in Tariff Item 409i;

460. Materials to be used in Canada for the construction of bridges and tunnels crossing the boundary between the United States and

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Canada, when similar materials are admitted free under similar circumstances into the United States, under regulations prescribed by the Minister.

THE FOLLOWING GOODS WERE FORMERLY EXEMPT UNDER CUSTOMS TARIFF ITEMS 219a and 219c AND DRY PREPARATIONS USED FOR THE SAME PURPOSES; THE EXEMPTION IS SUGGESTED FOR ALTERATION TO READ AS FOLLOWS:

Preparations or chemicals sold for disinfecting, dipping or spraying and so used in agriculture or horticulture and materials for use exclusively in manufacture or production of such preparations.

THE FOLLOWING GOODS WERE FORMERLY EXEMPT UNDER TARIFF ITEMS 410m and 410n, NOW RECOMMENDED FOR SPECIFIC EXEMPTION:

364. Diamond dust or bort and black diamonds, for borers.

THE FOLLOWING GOODS ARE RECOMMENDED FOR ADDITION TO THE LIST OF EXEMPTIONS FROM THE SPECIAL EXCISE TAX ON IMPORTATIONS:

S C H E D U L E V.

Bibles;

Fertilizers;

Goods enumerated in Customs Tariff Items 364 and 460.

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L 24748

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OTTAWA, 7 June, 1935.

Dear Sirs,

Owing to pressure of business in connection with prorogation of Parliament Mr. Meighen was unable to personally acknowledge your letter of the 20th ultimo before his departure from Ottawa.

As a Ministef without Portfolio Mr. Meighen is not in constant attendance at Ottawa but I am directed to say that should he be present in Council when the matter of taxation is under review he will not overlook the representations contained in your letter.

Yours faithfully,

A.H.Hinds.
Private Secretary.

Canada Cream of Malt, Limited,
Guelph, Ontario.

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124749

CANADA CREAM of MALT Limited

MANUFACTURERS OF CEREAL PRODUCTS
GUELPH, ONTARIO, CANADA

TELEPHONE 3050
CABLE ADDRESS "CREALT"
BENTLEY CODE



May 20th, 1933.

Honourable Sir,

We beg to submit for your favourable consideration, the following facts and figures to illustrate the impossible burden of taxation your Government has placed on the Manufacturers of malt syrup for beverage purposes.

For convenient reference enumerate the various taxes imposed as follows:

1. Excise Tax 5¢ per pound on the malted barley, which amounts to 4¢ per pound on the malt syrup, or finished product.

2. Excise Tax of 20¢ per pound on the finished product.

3. Sales Tax of 6% on Manufacturer's Selling Price, exclusive of the 20¢ per pound Excise Tax.

Prior to the recent imposition of the 20¢ perpound Excise Tax, the Manufacturer's average selling price to Wholesale Dealers, F.O.B. Factory, exclusive of Sales Tax but inclusive of tax on malted barley, in barrels and kegs was 10¢ and 10½¢ per pound respectively. For purpose of brevity, we are using only these average size containers in compiling our exhibit to illustrate the unfair proportion of total taxes imposed as compared with the actual cost of malt syrup exclusive of tax.

Without allowing anything for additional carrying charges and credit risks, the Manufacturer must now charge Wholesale Dealers for barrels and kegs F.O.B. Factory, as follows:

Barrels. Net Weight 580 pounds.

580 pounds Malt Syrup (exclusive of all taxes) at 6¢ lb.		$ 34.80
Excise Tax on Malted Barley (580 x 4¢)	$ 23.20	
Excise Tax on 580 lbs Malt Syrup at 20¢ lb.	116.00	
Sales Tax on $58.00	3.48	
Total Tax		142.68
Total cost to Wholesaler		$177.48

Kegs. Net Weight 200 pounds.

200 pounds Malt Syrup (exclusive of all taxes) at 6½¢ lb.		$ 13.00
Excise Tax on Malted Barley (200 x 4¢)	$ 8.00	
Excise Tax on 200 lbs. Malt Syrup at 20¢ lb.	40.00	
Sales Tax on $21.00	1.26	
Total Tax		49.26
Total cost to Wholesaler		$ 62.26

ALL ORDERS ARE ACCEPTED AND CONTRACTS MADE SUBJECT TO OUR ABILITY TO OBTAIN MATERIALS AND TO RISKS CAUSED BY STRIKES, ACCIDENTS, TRANSPORTATION OR CAUSES BEYOND OUR CONTROL

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As the foregoing figures clearly indicate, your Government proposes to collect as much as 410 per cent of the amount the Manufacturer would charge for his product exclusive of tax, or for comparison on another basis, 80% of the monies collected by the Manufacturer is tax. We submit, Sir, that the imposition of such excessive gross tax, on malt syrup manufactured for beverage purposes, makes it impossible for the Manufacturer to exist regardless of from what angle the matter may be considered.

Without burdening you with details, may we call your attention to the fact that previous to increases in the tariff we had developed a large import business. When the tariffs increased, we established our plant here which represents an investment of approximately $100,000.00. We made our investment in good faith and with the belief that no Government in Canada would ever tax us out of existence.

We would ask you, Sir, to further confer with your colleagues to consider the matter of a downward revision in the Excise Tax of 20¢ per pound recently placed on malt syrup manufactured for beverage purposes to a figure that would enable the industry to continue. We are willing to pay the highest possible increase in taxation the industry can stand which we know, after most careful study and from our experience to date under present taxation to be not more than 10¢ per pound, and at which figure maximum revenue would accrue to your Government.

It may also be in order to call your attention to the fact that not less than two pounds of sugar is used by the home brewer of beer, with each two and one half pounds of malt syrup, and more often pound for pound is used. Destruction of the malt syrup industry accordingly will result in very considerable decrease in revenue from the tax on sugar.

An expression of your disposition in this matter, at your early convenience, will be appreciated, in order that we may arrange our affairs accordingly.

Respectfully yours,

CANADA CREAM OF MALT, LIMITED.

D. S. McLellan.

DSMcL/KM

Director.

The Right Honourable Arthur Meighn, K.C.,
Ottawa, Canada

ALL ORDERS ARE ACCEPTED AND CONTRACTS MADE SUBJECT TO OUR ABILITY TO OBTAIN MATERIALS AND TO RISKS CAUSED BY STRIKES, ACCIDENTS, TRANSPORTATION OR CAUSES BEYOND OUR CONTROL

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[12475]

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PRIVY COUNCIL
CANADA

Ottawa, 5th March, 1934.

Sir:

I beg to advise you that the appeal of the Doon Twine Company, of Kitchener, Ontario, from a judgment of the Tariff Board will be heard by Council in the Privy Council Chamber on Saturday, the 10th day of March, 1934, at 11 A.M.

I have the honour to be,

Sir,

Your obedient servant,

E. J. Lemaire,
Clerk of the Privy Council.

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L 24752

COPY.

Toronto, April 12th, 1934.

Mr. Allen,
C/o The Sturdy Mfg. Co.,
Sherbrooke, Que.

Dear Sir,

I am taking the liberty of writing to you to ask you if you do not think you should take some action in regard to the lowering of the duty on fancy wires and plate used for the manufacturing of chains and bracelets, also chain findings such as swivels and spring rings coming into Canada from the United States ?

I understand there is a bill before the Parliament at Ottawa now to have the duty lowered to 10%, and knowing that you are in the manufacturing business the same as myself, I think this should not be.

I understand the firm that is applying for this stated that swivels, spring rings etc. were not manufactured in Canada, where as I have been manufacturing them for several years, and have the tools for same.

I think if this bill should go through, it would hurt your business, as well as my own, and I understand it has passed the Tariff Board, has only now to go to the Senate, and will be going before them in about four days. My lawyer informed me to-day that no one had protested the bill, and I was surprised to know that you had not taken any action in the matter, that is why I am writing this.

I would like to suggest that you look into this immediately, and see if you do not think it wise to send a protest to Ottawa at once.

Yours very truly,

(Sgd) M. Burkhardt.

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124753

CANADA PACKERS LIMITED

TORONTO, CANADA

14th. April, 1934.

Tariff ✓
43

Right Honourable Arthur Meighen, K.C.,
The Senate,
Parliament Buildings,
OTTAWA, Ontario.

Dear Mr. Meighen :

Duty - Peanut Oil

Further to our telephone conversation of yesterday.

One of our men heard a rumour Thursday that the duty on Peanut Oil was likely to be reimposed in the coming budget.

We would certainly appreciate any information you could obtain for us on this matter.

I attach brief history of the duties on Oils the last two years.

With kindest regards,

Yours faithfully,

Norman J. McLean.

NJM:L.
Encl.

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HISTORY OF OIL DUTIES

Duties were imposed on Crude Oils, for refining for edible purposes, effective on October 13th., 1932, as follows :

	Tariff Item	Preferential	Intermediate	General
Cottonseed Oil	276B	Free	10%	10%
Cocoanut Oil	278C	Free	10%	10%
Palm Oil	277	Free	10%	10%
Peanut Oil	278B	Free	Free	Free

The Tariff Resolution of October 13th. 1932 indicated that a duty of 10% would be imposed on Peanut Oil under the Intermediate and General Tariffs but the Tariff memorandum published on November 26th., 1932, maintained Peanut Oil on the Free list.

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ALLAN ROSS
CARLAW AVENUE
TORONTO

124755

April 16th/34.

PERSONAL

Right Honorable Arthur Meighen,
Room 362, The Senate,
Parliaments Bldg,
O T T A W A, Ont.

Dear Arthur:

It is rumoured here that there will be a reduction in the sugar tax from 2¢ a lb. to some figure below. I would think this wise because a tax of 2¢ a lb. is exceedingly heavy, being 50% approximately of the cost of refined sugar to the consumer.

In the United States a flour processing tax of $1.38 per bbl. was put on under NRA in the middle of 1933, the theory being that this would provide a large sum of money to compensate farmers for reduced wheat acreage. It has not worked out to real advantage because the farmers have not reduced their acreage - although they have taken the bonus. I hope our Government here will not speculate in flour taxes.

I was very happy to have lunch with you last Friday, and even happier to see that you are keeping so well.

Yours sincerely,

Allan

JAR/K.

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D 24756

Ottawa, Ontario,
April 17, 1934.

Dear Mr. Rugg:

I have your letter of 14th written on behalf of Canadian Sturdy Chain Company Limited, protesting against certain proposed changes in the tariff. I have not yet heard myself of these proposed changes, but will very carefully keep your representations in mind should anything along this line come before the Senate.

Yours very truly,

Arthur Meighen.

Mr. F. S. Rugg, K.C.,
Rugg, Mignault, Holtham & Grundy,
70 Wellington St. North,
Sherbrooke, Que.

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124757 Pkgs. 1589-1590

Rugg, Mignault, Holtham & Grundy

Advocates, Barristers, Etc.

FREDERICK S. RUGG, K.C.
BARTLEY N. HOLTHAM
CHAS. DEL. MIGNAULT
HARRY E. GRUNDY

McManamy & Walsh Building,
70 Wellington Street North

Sherbrooke, Que. April 14th, 1934.

Hinds

Right Honorable Arthur Meighen,

Ottawa, Ont.

Dear Senator Meighen,

I represent the Canadian Sturdy Chain Company Limited of this City, who are manufacturers of jewelry and, among other articles, fancy wires and plate used for the manufacture of chains and bracelets, also chain findings, such as swivels and spring links.

My clients have just learned that on an ex-parte application the Tariff Board approved of a reduction in the tariff from forty-five to ten percent.

I understand that within the next few days a bill will be before the Senate to approve of this reduction in tariff.

I have a feeling that this last statement is perhaps made on a misunderstanding, but, on behalf of the Canadian Sturdy Chain Company Limited, I desire most emphatically to protest against the lowering of the tariff to the extent mentioned.

My clients have a special group of employees for the manufacture of these articles, and could supply the requirements of the trade for the whole Dominion.

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There is also another manufacturing jeweller, Mr. M. Burkhardt, of 82 Chestnut Street, Toronto, who manufactures these articles.

It is my understanding that both the Canadian Sturdy Chain Company and Mr. Burkhardt are supplying the trade, and are ready to continue to do so at reasonable prices.

A reduction to ten percent in the tariff would mean that they would have to discontinue the manufacture of these articles, as, on that basis, they could not compete with the quantity production in the United States.

At the same time, it may perhaps be felt that forty-five percent is excessive protection, and the Canadian Sturdy Chain Company, at all events, is quite willing to continue under a protection of twenty percent.

If this Bill is before the Senate, I trust that I may rely on your assistance to bring these facts to the attention of the House.

I am also writing to the Honorable H.H. Stevens.

I attach a copy of a letter from Mr. Burkhardt, dated April 12th, addressed to Mr. Allen, Manager of the Canadian Sturdy Chain Company.

Thanking

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Thanking you in anticipation for any assistance which you may feel you can render, I remain

Yours very truly,

GMS/3.

W. S. Rugby

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124760

21st. April, 1934.

Mr. H. D. Scully,
Commissioner of Customs,
Department of National Revenue,
OTTAWA, Ontario.

Dear Mr. Scully :

- Peanut Oil Contracts -

Mr. T. F. Matthews called on you yesterday in connection with contracts of Peanut Oil made by this Company from January 5th. to March 16th. (schedule attached).

I enclose original contracts covering each one of these purchases showing the date on which it was made.

Considering that all of these contracts were more than one month old, and all of them except one for 600 tons more than six weeks old, when the budget was brought down, we feel we are justified in asking that they be admitted free of duty.

Mr. Matthews appreciated greatly your kind consideration of his statement yesterday and we trust that you will see your way clear to admit the total quantity of Oil (5,680 tons) covered by these contracts without it being liable to the duty imposed April 18th.

Yours faithfully,

NJM:L.
C.C. - Mr. T. F. Matthews.

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124761

April 21st., 1934.

CANADA PACKERS LIMITED UNDELIVERED PURCHASES OF CRUDE PEANUT OIL

	Date of Purchase	Contract Number	Seller	Address	Point of Shipment	Shipment	Quantity	Port of Arrival
1.	January 5 1934	81,864	Faure, Blattman & Company	London	Holland	M.V. Elsa Essberger, April 16	1,700 tons	Toronto
2.	January 16 1934	3,755	Fairclough, Dodd & Jones Limited	London	Germany	M.V. Biscaya, April 26	390 tons	New York
3.	January 19 1934	29,190	Frank Fehr & Company	London	Germany	M.V. Biscaya, April 26	390 tons	New York
4.	January 24 1934	3,774	Fairclough, Dodd & Jones Limited	London	Germany	April, May	300 tons	Montreal
5.	January 24 1934	3,775	Fairclough, Dodd & Jones Limited	London	Germany	June, July	300 tons	Montreal
6.	February 19 1934	3,817	Fairclough, Dodd & Jones Limited	London	Germany	July, August	300 tons	Montreal
7.	March 2 1934	4,140	F. Thorl's Vereinigte Harburger Oelfabriken,	Hamburg	Germany	October	1,700 tons	Toronto
8.	March 17 1934	4,192	Rolf Von Den Baumen's Vetsmelterij En Veevoederhandel,	Rotterdam	Holland	November	600 tons	New York
						Total Number of Long Tons	5,680 tons	

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124762

CANADA PACKERS LIMITED

TORONTO, CANADA

file

#3

23rd. April, 1934.

Rt.-Hon. Arthur Meighen,
Canadian General Securities Limited,
347 Bay Street,
TORONTO, 2.

Dear Mr. Meighen :

- Peanut Oil Contracts -

Frank Matthews went to Ottawa Thursday afternoon and discussed Friday with his brother and Mr. Scully (Commissioner of Customs) the attached schedule of contracts that we had made on Peanut Oil.

Mr. Scully asked that we send immediately our original contracts covering these purchases - we did this Saturday.

Frank felt he received a very favourable hearing and came away with the feeling that we would likely be allowed to bring in free of duty the 1,700 tons now afloat and perhaps the entire 5,680 tons.

I thought you would be interested in learning the result of Frank's visit.

Yours faithfully,

N. J. McLean

NJM:L.
Encl. 2.

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The Canadian Bank of Commerce

Head Office

Toronto, 2 CANADA September 6, 1934

Honorable Arthur Meighen,
National Building,
Toronto.

Dear Mr. Meighen:-

Duty Drawback

Pursuant to our telephone conversation this morning, I enclose you herewith the Brief presented at Ottawa by the Vice-President and General Manager of the Hamilton By-Product Coke Ovens, Limited, Mr. T. P. Pinckard.

After you have gone through this Brief, if you can spare the time, I would be glad to get Mr. Pinckard down from Hamilton and elaborate on the latest development, viz., the use of Nova Scotia coal.

Yours sincerely,

Encl.

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Mr. George P. Cattalle 247764
Chairman of the Board

Brief Presented by Hamilton By-Product Coke Ovens, Limited on Budget Resolution April 18, 1934, to Amend Tariff Item 1049, Schedule B, to Customs Tariff R. S. C. 1927

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4. The effect of American by-product coke upon the importations of American coke into Canada.

5. Ratio of fuels discriminated for commercial heating purposes in Canada.

10. American by-product coke in Canadian markets.

14. By-product coke is the only Canadian coke which suitable as a substitute for American fuels.

16. The impracticability of using Canadian coal for coking purposes in this area.

17. History of processes utilized on bituminous coal.

18. The effect of the reduction in the duty.

19. Summary.

To the Honorable E. N. Rhodes,

Minister of Finance,

Ottawa, Ont.

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16. The impracticability of using Canadian coal for coking purposes in this area.

17. History of drawbacks allowed on bituminous coal.

19. The effect of the reduction in the drawback.

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124767

HISTORY OF THE GOVERNMENT'S POLICY TOWARD
ENCOURAGING THE MANUFACTURE OF BY-PRODUCT
COKE IN CANADA

** ** **

In the year 1925, customs tariff item 1049 was established allowing a drawback of 99% of the duty on bituminous coal when imported by proprietors of by-product recovery coke ovens and converted into coke at their by-product recovery coke ovens.

Government records and the recollection of men indicate that this was done to encourage and to protect the manufacture of by-product coke in Canada. The Dominion Fuel Board made thorough investigations to determine what permanent future relief could be obtained from a repetition of such serious shortages and incident high prices of fuel as existed, particularly in this central Ontario part of Canada, during many years prior to 1925, and that Board did then and since issue many reports recommending the manufacture of by-product coke in this area as the only possible solution.

The Hamilton By-Product Coke Ovens Limited coke plant was established at Hamilton, Ontario in 1924, as specifically recommended by the Dominion Fuel Board, after having obtained the very necessary assurances by the Government that the industry would be protected. The 99% drawback of duty came in partial fulfillment of those assurances. After our plant had been operating for about four years, the protection which it was enjoying was, in 1929, reviewed by the Advisory Board on Tariff and Taxation, and after an extensive hearing of all interested parties, including the Canadian producers of coal and the manufactured gas companies, it was determined that the protective items referred to should not be disturbed.

Our coke plant having operated for about six years, and having experienced the serious effects upon its markets for coke from the irregular floods of coke from American coke plants from time to time when their home markets were depressed, the Government in 1931 recognized that the drawback of duty on our coal was not all the aid that a Canadian by-product coke plant required and at once imposed a duty of $1.00 per ton on imported coke.

On April 19, 1934, customs tariff 1049 was amended allowing a drawback of 50% of the duty on bituminous coal when imported by manufacturers of coke and converted into coke in their own plants.

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Our plant has been operating for only nine years which is much too short a time in which to have amortized its plant costs. The last three of those years did not produce sufficient revenues for dividends. The importations of American coke continued to imperil our markets. The need for the stabilizing influence of our coke upon other fuels is as important now as it was at the time our plant was established. The security afforded by our plant for a supply of fuel as a substitute for anthracite coal is as great now as it ever was. This area of Canada can ill afford to lose the security which we now guarantee by the production of our coke as a substitute for anthracite coal, and this security will again require as great consideration for our welfare as formerly. This part of Canada contains no native coal. Therefore, the only fuel which can be made available as a substitute for American anthracite coal is by-product coke, transformed by Canadian labor from bituminous coal brought into this area. The quantity and quality of gas plant coke removes it from consideration as a satisfactory substitute for anthracite coal. We therefore seek a reason for the Government having departed from its former policy of encouraging the production in this area of by-product coke.

PLANTS FOR THE MANUFACTURE OF BY-PRODUCT COKE IN CANADA WERE ENCOURAGED BY PARLIAMENT.

During the period of the years 1902--1931, the quantity of American coal imported into Canada varied widely from year to year. 18,000,000 tons in 1913; 12,000,000 tons in 1915; 21,000,000 tons in 1918; 17,000,000 tons in 1919; 12,000,000 tons in 1922; 20,000,000 tons in 1923; 15,000,000 tons in 1925. The low years were periods of an insufficient supply of fuel and high fuel prices in Canada.

Although Canada's fuel problems had received upon many previous occasions, consideration by the Government, the House of Commons on March 23, 1921, adopted the following resolution:

> "That in the opinion of this House, the future fuel supply of Canada should be considered by Parliament, and that a

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Special Committee of the House of Commons should be forthwith appointed to inquire into all matters pertaining thereto."

That Committee made the following recommendations to the House, in part:

"The vital importance of the fuel supply of the people of any country admits of no argument, but to the people of Canada with its rigorous climate, fuel is one of the chief essentials of life. This being so, your Committee are of the opinion that in view of the conditions that our people have experienced during recent years in securing their necessary supply of coal, and in view of the possibility and even probability that the same adverse conditions may be repeated at intervals in the future, it is, in our opinion, most desirable that there should be an officer of the Government appointed for the purpose of keeping in close touch with the fuel situation of Canada. That people should be encouraged to use domestic coal, coke, peat and briquette when obtainable instead of imported anthracite.

That Canadian coal operators be urged to produce and store at suitable points in Quebec, Ontario and Manitoba, large quantities of coal with a view to the production or manufacture of coke for domestic fuel, and as a substitute for imported anthracite and also for the production of the by-products thereof.

A Special Committee of the Senate in 1923 reported:

"As regards the duty of the State as represented by Federal, Provincial and Municipal Governments, your Committee has no hesitation in recommending that every possible effort should be made by those in authority to encourage the public to obtain their supplies of coal or

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other fuel from Canadian sources. Your Committee is convinced that the general national interest demands further and continuous study of the problem from this angle if substantial, practical results are to be attained, and we recommend that the Dominion Fuel Board be given the fullest powers with sufficient funds to vigorously prosecute its investigations in the direction indicated."

On March 19, 1923, the following resolution which had been introduced in the House of Commons was referred to the Slect Standing Committee on Mines and Minerals:

"That in the opinion of this House, the time has arrived for Canada to have a national policy in relation to its coal supply and that no part of Canada should be left dependent on a United States coal supply. And that the whole question of fuel supply for Canada whereby Canada may be self-sustaining and self-supplying as regards fuel and to inquire into the necessity and possibility of supplying substitutes for coal, be referred to the Standing Committee on Mines and Minerals, and that said Committee report to the House."

That Committee reported to the House, in part:

"One statement may be made without any hesitation, that is, that it is absolutely necessary that every step possible should and must be taken at once by Canada through its Government, its transportation companies, its coal operators and manufacturers of other fuels to make Canada independent of other countries for its fuel supply; that the United States Fuel Control Board had sent a note of warning to the Dominion Fuel Board to the effect that Canada could not hope in the future to get the usual supply of anthracite from the United States."

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"That the Committee investigated the question of coke as a domestic fuel. The general trend of evidence in this connection goes to show that coke is as good, as clean and as valuable a domestic fuel as is the very best anthracite. Coking plants in the large centres of Canada might assist largely in solving the domestic fuel supply."

The Dominion Fuel Board made extensive investigations to determine a solution of the domestic fuel problem in the acute fuel area of Canada. It described Ontario and Quebec as such an area. From its interim report of May 21, 1923, page 16, we quote in part as follows:

"Not only are there the Nova Scotia and New Brunswick coals to draw upon, but, as stated before there are immense reserves of United States bituminous coal that could be imported for coking. Briefly, the plan would be to establish coking plants at large well-situated centres of population like Montreal, and Toronto, where the coke would be manufactured and shipped to tributary territory and the gas, which is the most important by-product, used at the point of manufacture. Other valuable by-products, such as tar, ammonium, sulphate, and benzol are obtained, and the success of such an industry depends on the disposal of these. Great improvements have been made in the technique of the manufacture of domestic coke even very recently, and the product made is much superior to the ordinary gas-house coke. It is a dense material of approximately the same heating value as anthracite, and it should be produced at a price to compete with it."

It will be observed that the conclusions of the Dominion Fuel Board embraced the use of both maritime coal and United States bituminous coal, and their ideas of fuel independence or dependence were evidently predicated on the belief that it is preferable for Canada to import United States bituminous coal in districts where Canadian coal is not economically

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available, rather than continue to import anthracite coal. This is doubtless because the purchase price of anthracite coal would involve a very much greater external expenditure than the use of bituminous coal imported for the production of domestic coke, not to speak of the advantages already referred to in the way of by-products, employment, etc.

Considering that there have been no by-product coke ovens established (except at Sydney) within the zones of influence reached by maritime provinces coal, even when such coal has had the advantage of the regular duty, it would seem evident that such by-product ovens as have been established elsewhere, cannot have affected, in any way, the interests of the lower province coal producers.

We quote from the Dominion Fuel Board's 1924 report:

"Coke As a Household Fuel in Central Canada"

which was presented after a most thorough investigation to determine the merits of by-product coke manufacture:

"All of the objects indicated may be attained by the building of by-product coke ovens at our larger cities where the gas market is sufficiently large"

and also:

"By-product coke produced by latest methods makes a domestic fuel of higher grade than the anthracite which is marketed today, and is a fuel excellently suited for burning in present equipment in general use"

and also:

"It may be as well to repeat the warning -- on which the Dominion Fuel Board is insistent -- that within the next few years the United States cannot permit and probably will not allow the exportation of anthracite.

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But Canada can, with the aid of coke, make herself independent of anthracite."

We quote from its second progress report of 1928, in part as follows:

"Surveys were made in Hamilton and other places and indicated that conditions were favorable and the time oppertune for the erection of coke plants at a number of points, and that if plants were built at those suitable points, it would be possible to produce enough coke to displace up to 35% of our importations of American anthracite. The quantity of coke that could be manufactured profitably would be governed by certain factors, chief of which, is a market for the gas."

No where in any of these reports is there any recommendation or even suggestion that the several gas plants which were then in existence and making coke, could satisfy the requirements for a coke which could be produced in such quantity and quality as to make it a satisfactory substitute for anthracite coal.

Does not the above record convincingly show that there was a national fuel problem to be solved in this area, that a by-product coke plant held the most promise of solving that problem, that Hamilton was recommended as a desirable location for such a plant and that the Government not only desired, but urged, that a by-product coke plant be at once built in Hamilton.

WHY A BY-PRODUCT COKE PLANT WAS BUILT IN HAMILTON.

For 74 years prior to 1924, the Hamilton community was supplied with gas and with a small quantity of coke produced in such a retort gas plant as is in general use today where gas is the principal product. The growth of Hamilton by 1921 necessitated a supply of gas beyond the capacity of the gas plant. Its proprietors, in considering ways and means of implementing the supply of gas, were attracted

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by the strong recommendations of the Government with respect to by-product coke plants and particularly that such a plant should be established here. They investigated the matter, although sceptical of it because of their having a retort gas plant which could be enlarged at less cost and because of their doubt of their ability to sell the larger quantities of coke which would result, in a by-product plant, from the production of a sufficient supply of gas. It was realized that with such a plant, coke and not gas, would become its principal product. The required new capital was available only upon assurances that the new venture would be successful. It could be successful only if its coke could be sold and at fair prices. Because there were many adverse conditions, which still exist today, the proprietors saw the impossibility of permanently operating a by-product coke plant here without Governmental protection. They then placed these matters before the Government and obtained assurance that a drawback of 99% of the duty on the coking coal used in this plant would be granted.

Herewith is a recent letter by John G. Gauld, K. C. stating that he has personal knowledge of the negotiations with the Government in this matter of drawback. In the final analysis, therefore, it was because of such Governmental assurance of protection that this plant was built and commenced operation in 1924. With continued protection, the plant was enlarged from time to time until today it represents an investment of ten millions of dollars.

THE EFFECT OF CANADIAN BY-PRODUCT COKE UPON THE IMPORTATIONS OF AMERICAN ANTHRACITE COAL.

Prior to 1925, Ontario and Quebec consumed about four million net tons of domestic fuel, of which over 90% was imported from foreign sources. The following table shows the reductions which have been effected in the importations of foreign fuels and the increases which have been effected in the use of Canadian fuels. We do not have complete figures for the years previous to 1925.

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TIGHT
BINDING

FUELS RESTRICTED FOR DOMESTIC HEATING PURPOSES
IN ONTARIO

ONTARIO	SHORT TONS					PERCENTAGES				
	1928	1929	1930	1931	1932	1928	1929	1930	1931	1932
Anthracite: United States: Domestic sizes	2,049,048	2,091,025	1,855,171	1,469,245	1,259,726	45.6	45.4	43.4	35.6	29.0
United States: Buckwheat & fines	139,977	154,745	159,858	158,455	128,065	3.0	3.3	3.8	3.8	3.1
Welsh and Scotch: Domestic sizes	56,514	64,599	66,029	79,705	198,997	1.3	1.4	1.5	1.9	4.6
Welsh and Scotch: Buckwheat & fines	15,400	45,165	57,116	108,690	170,326	0.3	1.0	1.3	2.6	4.1
Total	2,254,540	2,377,035	2,215,496	1,860,830	1,855,408	51.2	51.4	49.1	45.0	39.9
Bituminous: United States: Steam	649,598	697,573	704,858	745,721	768,318	15.0	15.0	15.6	18.0	18.5
United States: Soaleless	421,350	432,913	418,268	380,355	397,495	9.4	9.4	9.3	9.2	9.5
Total	1,070,944	1,048,480	1,123,126	1,126,076	1,164,813	24.7	22.7	25.2	27.5	28.1
Bituminous Coal: Nova Scotia (Bituminous)	30,868	30,770	31,906	30,975	60,081	0.7	0.7	0.7	0.7	1.4
Total	86,678	86,190	87,250	82,817	85,987	2.0	1.8	1.5	1.5	2.1
By-Product Coke: Hamilton By-Product coke	190,048	175,079	211,394	220,450	295,210	3.4	3.8	4.7	5.3	7.1
United States coke	497,705	614,305	521,400	444,925	461,911	11.4	13.3	11.6	10.8	11.2
Total	682,444	987,274	976,239	909,394	1,151,035	19.5	21.4	21.7	25.5	27.5
Coke: Canadian (made in Ontario)	72,656	85,221	94,287	90,996	98,117	1.7	1.8	2.1	2.2	2.2
TOTAL SOLID FUELS DISTRIBUTED	4,367,934	4,606,569	4,506,759	4,151,710	4,141,760	100.0	100.0	100.0	100.0	100.0

It will be observed that foreign anthracite in 1928 constituted 51.6% of all fuel, whereas by 1932 it had been reduced to 39.9% of all fuels.

It will also be observed that Canadian coal has at least not suffered any decrease.

It will also be observed that Canadian By-Product coke constituted 6% of all fuel in 1928, whereas by 1932, this had increased 16% of all fuels.

It will also be observed that by 1932 HAMILTON BY-PRODUCT coke alone had risen to such importance as to constitute 7.1% of all fuels.

It will also be observed that Gas coke which had be being made in many plants for many years in 1932 constituted but 2.2% of all

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The following tables are generally based upon the figures contained in the table shown on the preceding page.

TABLE INDICATING THE RELATIVE IMPORTANCE OF CANADIAN PRODUCED FUELS TO IMPORTED FOREIGN FUELS

	1928	1932		
Foreign coal and coke	3,829,000	3,278,000	551,000	decrease
Canadian coal and coke	512,000	847,000	335,000	increase
Total	4,341,000	4,125,000	216,000	decrease

TABLE INDICATING THE RELATIVE IMPORTANCE OF CANADIAN PRODUCED FUELS TO ONE ANOTHER

	1928	%	1932	%		
Coal	85,000	16.6	85,000	10.0	-	
By-Product Coke	355,000	69.3	670,000	79.1	315,000	increase
Gas Coke	72,000	14.0	92,000	10.8	20,000	increase
Total	512,000	100.	847,000	100.	335,000	increase

TABLE INDICATING THE RELATIVE IMPORTANCE OF CANADIAN MADE BY-PRODUCT COKE TO CANADIAN MADE GAS COKE.

	1928	%	1932	%
By-Product Coke	355,000	83.1	670,000	87.9
Gas Coke	72,000	16.8	92,000	12.0
Total	427,000	100.	762,000	100.

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TABLE INDICATING THE RELATIVE IMPORTANCE OF HAMILTON BY-PRODUCT COKE TO ALL CANADIAN MADE BY-PRODUCT COKE.

	1928	%	1932	%
Canadian Coke	355,000	100.	670,000	100.
Hamilton B.P. Coke	150,000	42.2	293,000	43.7

TABLE INDICATING THE RELATIVE IMPORTANCE OF HAMILTON BY-PRODUCT COKE ONLY TO ALL CANADIAN MADE GAS COKE.

	1928	%	1932	%
Hamilton B. P. Coke	150,000	67.5	293,000	76.1
Gas Coke	72,000	32.4	92,000	23.8
Total	222,000	100.	385,000	100.

This last table convincingly shows the importance in this fuel area of the coke produced by our plant alone. In 1932, the quantity of our coke used in this area was 3.2 times as much as the total quantity of all of the coke marketed by all of the gas coke plants in Ontario. In considering this whole matter, it is important to understand that the quantity of coke produced by us is not controlled by the market for the gas, which is produced incidental to the production of coke. We produce each year, regardless of our ability to market the gas, the maximum quantity of coke to the capacity of our plant. This creates, particularly in such times as these, large surpluses of gas which cannot be sold at any price and which is, therefore, exhausted to the atmosphere. The quantity of coke produced by a gas coke plant is only that quantity which incidentally results from the production of that quantity of gas which can be sold.

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AMERICAN BY-PRODUCT COKE IN CANADIAN MARKETS

The development of by-product coke plants in the United States has about reached the saturation point in the industrial area. In the Great Lakes area alone, there are 27 such plants. Many of these are operated, not with the prime object of producing coke, but as auxiliary to the making of steel, automobiles, etc. It is, therefore, apparent that in most cases their profits are not required to be obtained from coke, and it is sufficient that their surplus coke be sold at any reasonable price that will move it. Most of such plants normally absorb their coke in their own operations and in their home markets. But there are irregular periods of surpluses of coke, and it is particularly at such times that the Canadian market is very attractive to such American coke makers. It is significant that coke has been occasionally imported into Canada from such a distant point as Chicago.

If it was important that Canada should make itself independent of uncertain supplies of imported anthracite coal, it is equally true that it should make itself independent of uncertain supplies of imported coke.

During the period of the years 1902--1931, the quantities of coke imported into Canada varied widely from year to year; 725,000 tons in 1913; 555,000 tons in 1914; 1,165,000 tons in 1918; 385,000 tons in 1919; 228,000 tons in 1921; 1,061,000 tons in 1930; 651,000 tons in 1932.

Some of the low years were periods of an insufficient supply of fuel in Canada.

The following table indicates the extent to which imported coke affects the market for Hamilton By-Product coke:

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Year	All Coke Imported	U. S. Domestic Coke in Ont.	Hamilton B.P. Coke Produced
1928	1,060,000	497,000	150,000
1929	1,226,000	614,000	175,000
1930	1,061,000	521,000	211,000
1931	733,000	444,000	220,000
1932	651,000	461,000	295,000

It is even more significant that in each of the years 1932 and 1933, United States coke plants exported more than 250,000 tons of coke to Toronto, and in 1933, 13,000 tons to Hamilton; 15,000 tons to London and 10,000 tons to Oshawa. Prior to 1931, there was no duty upon coke imported into Canada. In 1931, the need for protection of such plants as ours having been made apparent, a duty of $1.00 per ton was imposed upon United States coke imported into Canada. Even with the duty, the American coke can now be imported at less cost with duty and transportation than at the time our plant was built and during the first few years of its operation. American coke is now more accessible to Canadian markets than it was and our situation is not so favorable in our natural markets. We can not sell our coke in any American market and our only possible markets are in Canada.

The changes causing a reduction in our protection against American coke have come about through the improvements and the lower rates of water transportation on coke. Up to a few years ago, almost all of the coke brought into Canada in competition with us was carried by rail. As to coke produced in Detroit and exported to Hamilton, the rail cost was $1.80 per ton and that carrying charge was our only protection. During the past year, the boat rate on coke from Detroit to Hamilton was 55¢ per ton, including unloading charges, which, together with the duty charge of $1.00 per ton, gave us a protection of $1.55 per ton, or 25¢ less than formerly. As our market points west of Hamilton are near Lake Erie ports, our competitive situation is even less favorable.

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All of our competitive American producers have always had the advantage of lower costs of coal. Now tariff item 1049 as revised, imposes upon us an increase of 37½¢ per ton on our cost of coal, and as our competitive American coke producers have not suffered any corresponding increase, they have thus obtained a further advantage in their competition with us. The effect of these changes is to subsidize the sales of United States coke in Canada and to extend the area of the Canadian markets for such coke, even to points where, for the first time, they may be able to compete with Canadian produced coal. To reduce the welfare of Canadian coke producers will increase Canada's dependency upon foreign fuel and may wipe out all of the progress made since 1924 toward removing such dependency.

BY-PRODUCT COKE IS THE ONLY CANADIAN MADE COKE SUITABLE AS A SUBSTITUTE FOR AMERICAN FUELS.

The amendment to item 1049 was twofold in that it reduced the drawback from 99% to 50%, and at the same time, extended its benefit to include coal made into coke by processes other than in by-product ovens. We infer, therefore, that the two alterations are connected.

Appearing before the tariff board in 1928 when it studied the duties on coal and coke, the Canadian Gas Association presented the argument that gas companies who make coke as a part of their operation of retort gas plants were discriminated against in regard to duty on coal. The Canadian Gas Association filed a supplemental brief at that time claiming the 99% drawback on coal on the grounds that manufactured gas had become so widely used as a fuel in industry, etc. as to merit the same consideration as had been given to by-product coke plants for the reason that they assisted in making central Canada independent of American anthracite, etc.

We find no fault with granting the drawback to these gas producers on the grounds that the production of gas as a substitute for American fuels merits encouragement, but we do feel strongly that the retort gas producers should not be considered with the by-product coke producers as manufacturers of a domestic coke suitable to displace American fuels.

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The representative of the Canadian Gas Association appearing before the tariff board, in claiming discrimination against retort gas producers made it very clear that the Association did not wish to do anything which would harm the protection which by-product coke plants had been given.

As we have previously clearly shown, the drawback was given to by-product coke producers to encourage the erection and operation of such coke plants, so that they might provide the acute fuel area with a dependable source of Canadian fuel. Because of the poorer quality and the meagre supply of gas house coke, such fuel was not even considered by the Dominion Fuel Board as being in any measure a factor in relieving central Canada's fuel problem.

Retort gas producers use much of the coke that they produce in their own prime operations, which are the manufacture of gas. Statistics already quoted (see pages 9, 10 and 11) show that gas house coke distributed in Ontario is small in quantity and has shown very little increase in past years. Gas house coke is soft and is not, therefore, adapted to transportation. It is available only in communities where gas plants are practicable, that is, in the larger centres of population and the amount available for sale at each plant is so small as to be but a small fraction of the amount of solid fuel consumed in its community. Its quality is such that it could not hope to displace anthracite, even if a sufficient supply of such coke were available. By-product coke on the other hand, is a fuel equally as satisfactory as American anthracite, which can be transported long distances so that our plant can, and does, supply towns, villages and farms within a radius of 150 miles - consumers who could not possibly obtain gas house coke.

The wording of drawback item 1049 when first granted specifically stated that the drawback was not available to producers of coke who used other than the by-product process. From our review of the circumstances leading up to the original granting of the drawback, this provision of the item is quite understandable and consistent in that it was not the intention of the Government to assist the production of gas house coke, which was, and had been for years incident to the production of gas, but the drawback was specifically for the purpose of encouraging the establishment of large volume by-product coke ovens.

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We maintain that these original purposes and promises of the Government should still be followed, and therefore, regardless of what may now be done to encourage gas plants, the protection heretofore given to by-product coke producers should not be reduced in any way.

THE IMPRACTICABILITY OF USING CANADIAN COAL FOR COKING PURPOSES IN THIS AREA.

Of the total cost of coal for coking purposes laid down at Hamilton, 69% represents freight only. It can, therefore, be readily observed that the most adjacent coal fields must be selected. In dealing with the question of the use of Canadian coals for by-product coke making purposes, it is essential to remember that Canadian coals are found in very widely separated parts of this Dominion and the analysis of the coals found in these separate geographical locations are found to be vastly different, and all such coal exists only at points far distant from the acute fuel area of central Ontario. The Dominion Fuel Board in their interim report of May 1, 1923, recognized that if by-product coke ovens were to be established in this area, they would have to be dependent on bituminous coal imported from the United States. At the time of the construction of the Hamilton By-Product Coke ovens plant, the domestic fuel act provided for a bonus on capital expenditure to concerns constructing by-product coke ovens and using Canadian coal to the extent of 70% of their consumption. The Dominion Fuel Board undertook certain tests on the use of this Canadian coal at the inception of our plant in 1924, and certainly this company would like to have taken advantage of the bonus offered had the price differential not been so great that even with this additional subsidy, it could not afford to use the Canadian coal from such a distant location.

Each year this company has obtained quotations on Canadian produced coal and on British coal in the hope of using them to displace all or part of its requirements now obtained from the coal areas in closer proximity to its plant, but the F.A.S. cost of coal at Hamilton by water route (the cheapest) from the eastern Canadian producers has consistently been higher by almost double the entire gross amount of duty before drawback, and this after taking into consideration the freight subsidy granted by the Government to the

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Canadian producers, while the differentials existing on F.A.S. Hamilton costs of western Canada coal and British coal are greater yet. Considering the foregoing and that there have been only two by-product coke oven plants established within the zones of influence reached by maritime provinces coal, even when such coal has had the advantage of the regular duty, it would seem evident that such by-product ovens as have been established elsewhere cannot have affected in any way the interests of the eastern province coal producers.

When the cost of Canadian coal is such that we can with it compete with American coke and anthracite coal, we will use Canadian coal.

HISTORY OF DRAWBACKS ALLOWED ON BITUMINOUS COAL

Year			
1907	1001	Oil, fuel and other articles not machinery, when entering into cost of binder twine made in Canada	99%
	1019	Bituminous coal when imported by proprietors of coke ovens and converted at their coke ovens into coke for use in the smelting of metals from ores	99%
1914	1019	Bituminous coal when imported by proprietors of coke ovens and converted at their coke ovens into coke for use in the smelting of metals from ores, and in the melting of metals	99%
1925	1049	Bituminous coal when imported by proprietors of by-product recovery coke ovens and converted into coke at their by-product recovery cokeovens	99%

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1928	1065	Bituminous coal when used in melting, evaporating and preparing salt produced in Canada	99%
1928	1066	Bituminous coal when pulverized by proprietors of rolling mills for heating iron and steel	99%
1934 (Budget Resolution)	1049	Bituminous coal when imported by manufacturers of coke and converted into coke in their own plants. Provided that drawback payable under this item is in lieu of drawback payable under any other item.	50%

It will be observed that the Government in 1925 for the purpose of affording protection to by-product coke manufacturers in Canada, and encouraging an increase in the production of Canadian made by-product coke, extended the benefits of the drawback 99% to bituminous coal imported by such by-product plants. Gas companies were specifically excluded from such benefits.

By the recent budget proposal above, item 1049 is amended to include all manufacturers of coke whether or not their primary product of manufacture is coke or some other commodity, and the drawback is reduced by 50%. The budget resolutions, however, do not in any way change items 1031, 1019, 1065 and 1066 above set forth, and therefore certain industries which import bituminous coal for the manufacture of their primary products have still available to them the 99% drawback, on such imported bituminous coal.

The Government, therefore, has not departed from its original policy of affording protection to those industries for the manufacture of their primary products. Such industries have enjoyed this protection as far back as the year 1907, and it appears to be the fact that such industries were established on the understanding they would have the advantage of such protection.

We do not purport to find fault with the Government in adhering to its policy of protecting such industries by making no change in tariff items above referred to, or the con-

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trary we feel that such industries are entitled to have such tariff items remain in their present unchanged state, it being the duty of the Government to keep faith with such industries by not withdrawing or in any way lessening the assurances once given.

Our company which was established on similar assurances to that given to the industries mentioned above, in the manufacture of their primary product, feels that the protection once given to it by the 99% drawback on bituminous coal used in the manufacture of its primary product, by-product coke, should be maintained.

Our principal competitor in this area is a steel plant whose coke ovens were not established for the purpose of supplying fuel for domestic use, but is primarily for the purpose of supplying the needs of their own industry for coke. When their production of coke exceeds their own requirements, such excess is disposed of in competition with our coke. For that plant to be enjoying the benefit of 99% drawback on the coal used to produce coke for their own purposes when the over-head charges on their coke plant does not have to be carried entirely by their production of coke sold in competition with ours creates a competitive situation as between that plant and our own which will place our plant in the position of absolute subjugation to them.

THE EFFECT OF THE REDUCTION IN THE DRAWBACK

In the last three fiscal years of this company, we have imported and coked the following quantities of coke:

1931-1932 - 343,459 tons; 1932-1933 - 390,834 tons;
1933-1934 - 400,192 tons

Had the drawback of duty been 50% in those years instead of 99%, our costs would have been increased as follows:

1931-1932	--	$ 115,756.74
1932-1933	--	143,636.43
1933-1934	--	145,089.59

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124786

When it is realized that our earnings for those 3 years have not been sufficient to pay dividends to our shareholders, in fact in one year a net loss was incurred, then the great harm done to this company by the reduction in drawback is apparent.

Since the selling price of our by-products, such as tar, benzol and fertilizer, is dependent on world markets, we can ourselves do nothing to increase our revenues from that source, because of the large volumes of gas which we produce incidental to our production of coke, we must quote low prices for it, as to obtain volume sales, we must compete with other low priced fuels, and in fact, are not able to dispose of all of our saleable gas during these times. Therefore, the only method whereby we can meet the increased coal costs imposed on us is to increase our coke selling price.

Due to the N.R.A. Coal Code, our coal costs for this year's operation will be very much higher than in the past three years. These increases in coal costs would themselves have resulted in increases in coke selling prices. When, however, the increased coal cost due to the reduction in the duty drawback is also passed on to the consumer, it will result in a very large increase in coke prices. It is almost certain that the market will not absorb these enforced price increases. The present tendency of United States anthracite coal prices is downward. Our coke selling price will, therefore, be so close to the price of United States anthracite that the fuel consumer may again turn to that fuel, and thereby the progress which has been made since 1925 in displacing that fuel in this acute fuel area will be lost and Canada will again find itself experiencing those conditions which led to the detailed study of the fuel problem as set out herein.

Our only Canadian competitors in this area are those steel plants which market their rejected sizes of coke and their surpluses of coke as domestic fuel. These plants make coke primarily because they smelt ores or melt metals. They have no constant supply of coke available as a domestic fuel -- their supply depending on the increase or decrease of activity in their own steel business. Further, the drawback of duty which they have for a great number of years received as producers of coke for the smelting of ores and the melting of metals, has not been altered, and therefore, the

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amendment to item 1049 doesnot threaten their very existence as it does ours. Our plant is the only plant in Ontario producing by-product coke as its principal product. Anything which increases the price which we must charge for our coke to the point that this price will be at a disadvantage as against the competition of either American anthracite or American made coke, will be a retrogressive step which will work to the disadvantage of Canada as a whole.

We feel that we need only mention the advantage to Canada of the existence of Canadian by-product coke oven plants with its consequent retention within Canada of the larger portion of the Canadian fuel consumers' dollar and the consequent benefit to Canadian labor and business. The taxes of all kinds paid by us during the past six years have totalled $560,000.00. Our payrolls during that period have approximated $1,800,000.00.

The importance to Canada of the production within Canada by Canadian labor of the multitudinous value distillated of coal, such as medicines, dyes, chemicals, fertilizers, motor spirit, etc., cannot be over-estimated.

We believe it to be the duty of the Government to protect this Canadian industry, which was fostered by the Government, since the consumers' fuel dollar when spent for Hamilton By-Product Coke remains within Canada to a large extent.

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S U M M A R Y

1. It is submitted that Canada has a serious fuel problem.

2. That the Government instituted an investigation to determine a solution of that problem.

3. That the solution was determined to be the erection of by-product coke plants in the acute fuel area.

4. That upon promises of Government protection, the Hamilton By-Product Coke Ovens, being the only by-product coke plant in Ontario, was erected in that area.

5. That such protection has continued for only a few years as contrasted with similar protection continued for many more years to other plants making coke.

6. That the need for such, and also for increased protection of Hamilton By-Product Coke Ovens is greater now than when protection was first granted.

7. That an important item of protection to Hamilton By-Product Coke Ovens has been withdrawn.

8. That the similar protection granted to other plants making coke has not been withdrawn, although several of such plants are competitors of Hamilton By-Product Coke Ovens.

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9. That the effect is to completely nullify the benefits which should otherwise accrue to the people of the critical fuel area of Canada from a progressive policy of the Government with respect to the fuel problems of Canada.

10. That to withdraw the assurances given by the Government and accepted in good faith by us will jeopardize the continuance of our operations.

By reason of the submissions set out above, and as amplified and supported by the exhibits herewith, we request that Schedule B to the Customs Tariff Item 1049 be restored as it was before the amendment made in Budget Resolutions of April 18, 1934.

HAMILTON BY-PRODUCT COKE OVENS LTD.

Vice-President and General Manager.

May 5, 1934.

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124790

May 3, 1934.

Hamilton By-Product Coke Ovens Ltd.,
Mr. T. P. Pinckard, Vice-Pres. & Gen. Mgr.,
Hamilton, Ontario.

Dear Sir:

On the instructions of the late Mr. P. V. Byrnes, I obtained the charter for the Hamilton By-Product Coke Ovens. At that time, I understood that the only by-product coke ovens established in this area of Canada were those producing coke which was used in the smelting of metals from ores and in the melting of metals, and these plants were allowed a drawback of 99% of the duty on bituminous coal imported and converted at their coke ovens into coke.

Mr. Byrnes went to Ottawa to interview the Government in connection with the plant he and his associates contemplated erecting in Hamilton and submitted that as the by-product plants then operating here received a drawback of 99% of the duty, that should they erect a plant in Hamilton, they would expect similar treatment, and without such drawback they could not consider proceeding with their project. This submission was favorably received. I was present with him on the occasion.

At the time the Hamilton plant was erected, I was on the County Court Bench, but in conversation with Mr. Byrnes at that time, he stated that the Government had agreed to give his company the same drawback as was received by the other by-product coke ovens in Canada, and without such assurance, he would not have proceeded with the erection of the plant.

Yours very truly,

John C. Gauld

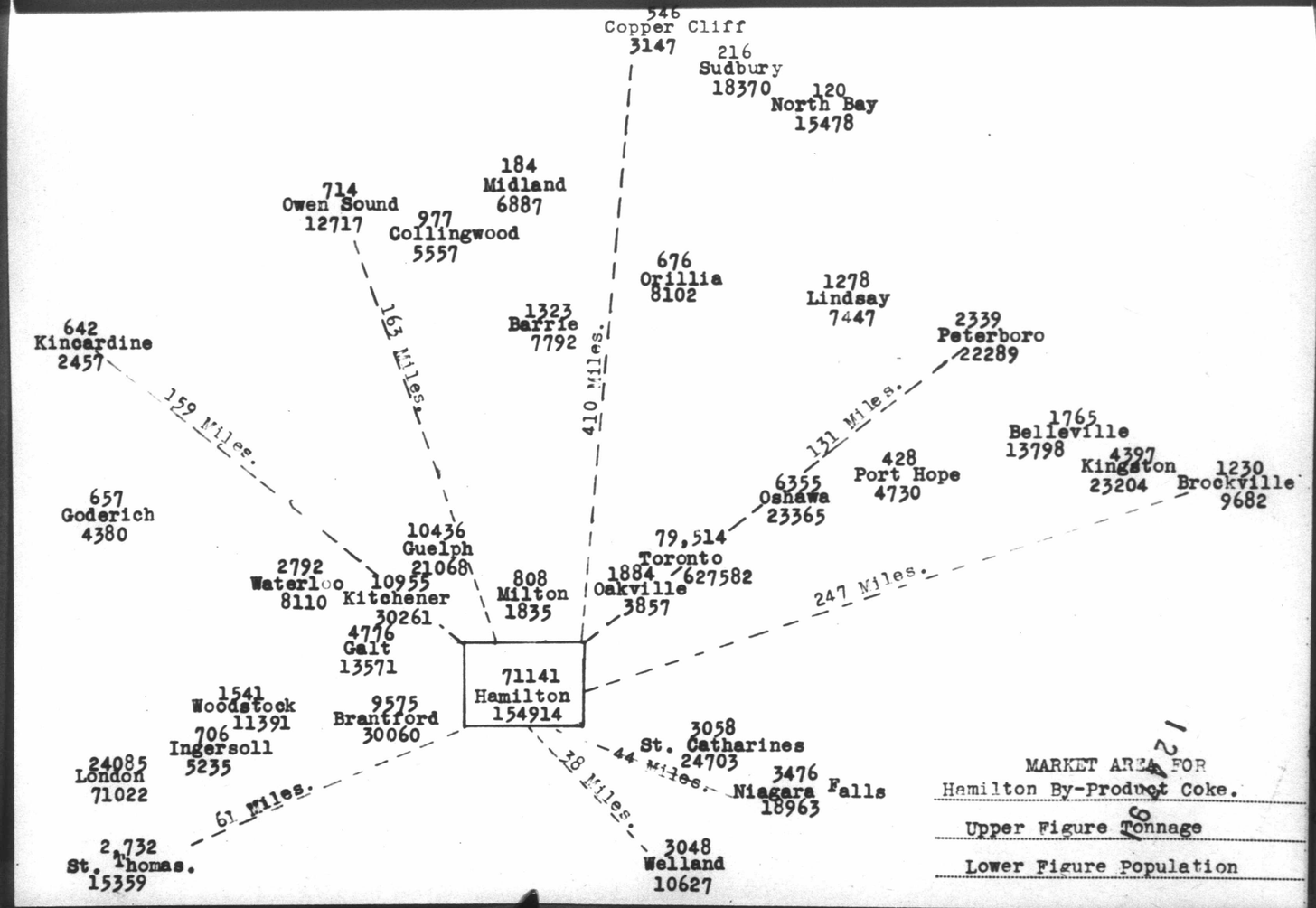
JCG:F

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THE PETERBORO CONSERVATIVE ASSOCIATION
PETERBORO, ONTARIO.

124792

Sept. 28, 1934.

Hon. R. B. Bennett,
Prime Minister, Dominion of Canada,
Ottawa, Ont.

Dear Sir:

Peterborough has a long record of fidelity to the Conservative Party.

The Conservative organization in Peterboro feel strongly that this riding should be accorded a Senatorship. This constituency has never been represented in the Senate and if it were granted such representation at the present time it would make our job easier in the forthcoming Federal election.

The Executive Committee of the organization in Peterborough is of the opinion that Mr. Roland Denne, for the past seven years Mayor of Peterborough, is the most logical choice for the position.

He is undoubtedly popular and hard working and his service to the people has not been confined to the urban district. For the last sixteen years he has been President of the Peterborough Industrial Exhibition. He has been Chairman of the Board of Education and during the war was most active in supporting all war work projects.

He has spent generously for the Conservative Party. In 1930 he received the Conservative nomination. J. H. Burnham ran that year as an Independent Conservative. G. N. Gordon had the Liberal nomination and in addition there were U. F. O. and Labour candidates. Mr. Denne was defeated because of the split Conservative vote but continued to work hard for the Conservative Party being President of the organization when E. A. Peck defeated Mr. Gordon.

He is personally known to Hon. Arthur Meighen, Hon. H. H. Stevens, and other important men in your Government.

We ask for his appointment as Senator and assure you that this appointment will receive the approval of a

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Hon. R. B. Bennett, Prime Minister.

large majority of people in this riding.

In the attached letter Mr. E. A. Peck, our Member elect, heartily endorses our request.

Yours respectfully,

The Liberal Conservative Executive,
City of Peterborough.

(sgd)	G. S. Matthews	Pres.
(sgd)	D. J. Lawrie	Secy.
(sgd)	G. Stewart Cameron	Treasurer
(sgd)	E. Gregson	Chairman South Ward
(sgd)	A. C. Leslie	Chairman North Ward
(sgd)	C. H. Williamson	Chairman East Ward
(sgd)	J. K. Hughes	Chairman West Ward.
(sgd)	James Juby	Chairman Centre Ward.

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HOUSE OF COMMONS
CANADA

Peterborough, Ont.

Sept. 29, 1934.

Right Honourable R. B. Bennett, P. C..
Ottawa,
Ontario,
Canada.

Dear Mr. Bennett:

The matter of recommending appointments to fill the vacant positions in the Senate will, I presume, be taken up shortly by you, and when you a re doing so I trust you will consider the claims of this City to be represented in that chamber.

While neighboring towns have at different times been so represented our City has never had that privilege and I have been strongly urged by our City Council and by many of our citizens to bring this to your attention and to urge that an appointment be made of a resident of Peterborough.

In this connection I desire to submit to you the name of Mr. Roland Denne, our present Mayor. Mr. Denne was born and brought up here and is a prominent merchant and f or a very long time has taken a leading place in our public affairs. He is and has been for several years, Mayor of the City and for a longer period has been President of the Peterborough Industrial Exhibition (a County affair). He has shown himself anxious at all times to give service to the City and District.

He is an active working member of our Party and I am glad here to express my appreciation of the very valuable services rendered by his good wife and himself in the three last battles put up by us to redeem and hold this Riding.

I shall be glad to wait upon you at any time to further discuss this matter.

Very Sincerely Yours,

(sgd) E. A. PECK

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124795

Tariff

Ottawa, Ontario,
February 26, 1925.

112 e

Dear Mr. Campbell:

I have your letter of 21st and certainly think you have done the right thing in sending around this memorandum. No step should be omitted at this time. If there is any further suggestion I can make I will be writing you later.

Yours very truly.

W. R. Campbell, Esq.,
Ford Motor Co. of Canada Ltd.,
East Windsor, Ont.

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124796

Ford Motor Company
OF CANADA, LIMITED

East Windsor, Ontario

February
Twenty-first
Nineteen Thirty-five

The Rt. Hon. Arthur Meighen, K.C.,
Ottawa, Ontario.

Dear Mr. Meighen -

We have been advised by the Honourable, the Minister of Finance, that the marked disparity in the price of motor cars to the consumer in Canada in contrast with the price of similar cars in the United States is a matter which is giving the Government grave concern.

Certain representations have been made to the Department of Finance by us bearing on the operations of this Company and we have thought it advisable that all of the Ministers of the Government be placed in possession of all possible information pertaining to this question.

We have, therefore, prepared a condensed memorandum dealing with this subject, copy of which we enclose herewith for your information, having to do not only with the differential in price of Ford motor cars but also bearing on the operations of our particular company for a number of years past.

If, after reviewing this memorandum, you feel that additional information is required, we will be very glad, at your convenience, to arrange an interview with a representative of this Company to supplement the information herein contained.

Yours very truly,

W R Campbell

President.

WRC*GEF

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124797

Ford Motor Company of Canada
LIMITED

ADDRESS ALL
COMMUNICATIONS TO THE COMPANY

"FORDCANADA"
WESTERN UNION CODE

East Windsor, Ontario. February 22, 1935.

REPRESENTATIONS OF
FORD MOTOR COMPANY OF CANADA, LIMITED
WITH RESPECT TO PRICES OF
FORD PRODUCTS IN CANADA

Prices of representative 1935 Ford units delivered at Windsor, Ontario and Detroit, Mich. (excluding licenses).

Model	Windsor Delivered Price	Detroit Delivered Price	Higher Price at Windsor		
Tudor Sedan	$759.91	$592.38			
Less Taxes	31.91	33.25			
	$728.00	$559.13	$168.87	Equal to	30.2%
Fordor Sedan DeLuxe	$911.13	$724.34			
Less Taxes	38.13	40.21			
	$873.00	$684.13	$188.87	"	27.6%
Truck Chassis with Cab					
157" Wheelbase	$900.70	$708.44			
Less Taxes	37.70	36.51			
	$863.00	$671.93	$191.07	"	28.4%

Disposition of Higher Price at Windsor

	Tudor Sedan	Fordor DeLuxe	Truck Chassis with Cab
(a) Higher Commission to Dealer in Canada	$ 53.44	$ 60.02	$ 60.07
(b) Higher charge to Dealer in Canada by this Company	115.43	128.85	131.00
	$168.87	$188.87	$191.07

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(a) The Commission to the Dealer in Canada is greater than to the Dealer in the United States necessitated by lesser volume of business attainable and relatively higher cost of distribution in a more sparsely populated trading area.

(b) The cost of production in Canada is greater than in the United States due to two major factors, viz:

(1) The effect of duties and taxes imposed by the Canadian Customs Tariff and the Special War Revenue Act (approximately $100.00 per unit) consisting of:

(a) Duty and Taxes (less drawback, if any) paid on imported materials, equipment and supplies.

(b) The increased cost of materials, equipment and supplies purchased in Canada, due to the existence of tariff protection on same.

(c) The increased cost of materials, equipment and supplies produced in our own factory under tariff protection.

(2) Smaller volume of production in Canada with resultant higher factory overhead and selling expense per unit.

The average yearly output by the Automobile Industry in the United States in the past seven years was 3,000,000 units, as compared with the average yearly output in Canada of 140,000 units for the same period.

Changes in Ford List Prices in U.S.A. and Canada in 1935, in Comparison with 1934.

Model	Price in U.S.A.	Price in Canada
Tudor Sedan	Decreased $10.00	Decreased $27.00
Fordor DeLuxe	Increased 20.00	Increased 3.00
Truck Chassis	Increased 15.00	Nil

Average Percentage of List Price Differential over U.S.A. and Resultant Profit & Loss — Years 1928 - 1935

Year	% Price Differential	Profit or Loss Result	
1928	27.9	Loss	**$3,400,651**
1929	27.3	Profit	5,308,220
1930	22.3	Profit	3,157,877
1931	19.7	Loss	**1,427,327**
1932	24.9	Loss	**5,206,736**
1933	31.1	Loss	**626,499**
1934	31.6	Profit	1,838,886
1935	28.1		

Canadian List Prices in each year were influenced by the financial results of the preceding year as indicated by the changes in the percentage of price differential shown above.

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124799

Net Financial Results of the Seven Year Period (1928 - 1934)

Gross Sales and Other Income (1928 - 1934 inclusive)	$240,576,210
Net Loss	**356,230**
Percentage of Loss to Sales and Other Income	**.15%**

Analysis of the Net Loss of the Seven Year Period (1928-1934)

	Profit	Loss
Loss on Sale of 200,650 units in Canada (equivalent to **$49.52** per unit)		**$9,936,341**
Profit on Sales of Replacement Parts in Canada	$ 5,360,118	
Profit from Interest Earnings and Miscellaneous Sources in Canada	7,472,921	
Loss on Sale of 163,536 units Exported (equivalent to **$46.67** per unit)		**7,632,056**
Profit on Sales of Replacement Parts Exported	1,328,760	
Dividends Received from Overseas Subsidiary Companies	3,915,652	
	$18,077,451	**$17,568,397**
Profit before Tax		509,054
Income Taxes Paid		865,284
Net Loss		**$ 356,230**

Dividends Paid During the Seven Year Period (1928-1934)

Dividends paid during the period amounted to $8,211,852 and were, in the last analysis, distributions from prior surplus accumulations as is apparent from comparison of surplus, as follows:

Surplus—End of 1927	$28,855,000
Surplus—End of 1934	$20,250,000

Inasmuch as there was no return to the owners of the business from operations, and nearly $60,000,000 was paid by the Company in salaries and wages during the period, it is apparent that the business has been operated principally for the benefit of Canadian labor.

Payrolls and Employment

Employment by the Company at present is in excess of 7,500 men.

Estimated disbursement for salaries and wages in 1935, $8,000,000.

This amount will be disbursed to our own direct labor and does not include disbursements to Canadian labor by Canadian Parts Manufacturers who supply us with certain of our requirements.

Estimated Production in 1935—65,000 units.

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124800

During the period 1928-1934 this Company produced 37% of the total production of automotive units in Canada and paid to its own direct employees 49% of the total wages and salaries disbursed by the automobile industry in Canada, (Reference—Dominion Bureau of Statistics).

Our total disbursement for the period in wages and salaries was $59,889,962. Our total disbursement in Canada for materials and services other than wages and salaries was $98,680,636. The combined total viz $158,570,598. was equivalent to 5.7 times the sum of the differential in price between the United States and Canada calculated on our sales of automotive units in Canada for the period.

This Company has since 1915 paid high minimum hourly rates of wages and during the period under review the minimum rates in effect and the actual average rates paid were as follows:

Year	Minimum Rate	Average Rate Paid
1928	$ .75 per hour	$ .7570 per hour
1929	.75 " "	.7860 " "
1930	.87½ " "	.8864 " "
1931	.87½ " "	.8969 " "
1932	.75 " "	.7580 " "
1933	.50 " "	.5785 " "
1934	.62½ " "	.6332 " "

Disbursements in Canada

Estimated amount for 1935 Including wages and salaries	-	$26,000,000
Estimated volume of Sales in Canada	-	20,000,000
Excess of Disbursements in Canada over Receipts from Canadian Sales	-	$ 6,000,000

This Company has consistently disbursed a greater amount of money in Canada than it realized from Canadian sales.

The amount of $6,000,000 being the estimated excess of disbursements over Canadian sales in 1935 is approximately $1,000,000 in excess of the estimated differential between U.S.A. and Canadian Consumer prices calculated on 30,000 units which we expect to sell in Canada in 1935.

This substantial benefit to Canada from operations of this Company is made possible only by the export market which we have developed and relatively high Canadian Content in our product.

Importance of Export Trade

Export trade is, in our opinion, of vital importance to the Dominion of Canada.

Export trade is likewise vitally important to this Company as in recent years it has absorbed over 50% of our production.

This Company's total dollar volume of export sales, 1928-1934 inclusive, was $85,000,000.

During the past four years this Company has exported 70% of Canada's total exports of automotive units.

This Company estimates that it will export 35,000 Ford units in 1935.

In the year 1934, our exports to Australia, New Zealand, South Africa and India, amounted to $9,350,000, being 23% of Canada's total exports of all commodities to those countries in that year.

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124801

Inasmuch as qualification for preferential duties in most of the markets to which we ship requires 50% or more Canadian content (New Zealand 75%), it is only through carrying on extensive manufacturing operations in Canada that we have been able to compete in such markets.

Failure to carry on the present extensive manufacturing operations in Canada, with consequent reduction of Canadian content, would eliminate our ability to compete successfully in such markets.

Revision of Certain Items of Canadian Customs Tariff

Certain suggestions for changes in existing tariff items have been submitted by us to the Government.

These suggestions were made from the standpoint of:

(1) Increasing employment in Canada.
(2) Simplifying administration and routine.
(3) More equitable distribution of tariff imposts.

They were not made with the objective of reducing costs, consequently such proposals would not directly affect selling prices in Canada.

Effect of any Substantial Reduction of Tariff on Motor Vehicles or Parts.

The differential between prices of Ford products in the United States and Canada has since 1932 been in excess of the basic tariff rate of 20%, due to subnormal economic conditions resulting in greatly curtailed volume and consequent high cost of production and distribution.

Our profit and loss experience indicates that such differentials were necessary to recoup the extra cost. Our policy has been to progressively reduce prices as volume increased and costs were lowered. Present indications are that the trend of automobile sales is upward and price differentials on Ford products are consequently lower in 1935 than in 1934.

Any reduction in the tariff on motor cars would not of itself effect a corresponding reduction in the price of Ford products manufactured in Canada, as such action would not effect any reduction in cost which is necessary to a downward revision of Canadian prices.

It is impossible to reduce cost of production in Canada to the level of cost in the United States, and therefore a fair measure of tariff protection is necessary, and the reflection of such protection must of necessity be evident in higher prices of automobiles in Canada, as is the case with other manufactured articles sold in Canada.

Any reduction in tariff rate below the necessary protection would cause constant embarrassment on account of the price differential being in excess of such reduced tariff rate.

Any substantial reduction in duties on component parts of automobiles below a level of, say 25%, would undoubtedly discourage the manufacture in Canada of such parts either by Parts or Automobile Manufacturers.

The result would be a much lower Canadian content in automobiles produced in Canada, which would automatically exclude these products from our principal export markets, with resulting loss of Canadian Trade and Canadian employment.

FORD MOTOR COMPANY OF CANADA, LIMITED.

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124802

OTTAWA, 5 March, 1935.

Dear Mr. Scully,

At the request of the Right Honourable Senator Meighen I am sending you herewith a file of correspondence received by him from Messrs A.E.Hinds and Company, Winnipeg, respecting certain importations from Messrs Twyfords, Limited, Hanly, England.

Would you be good enough to let me know for Senator Meighen's information if Messrs Twyfords' representations can be met by your Department, and, if not, have they the right of appeal to the Tariff Board?

Believe me,

Yours faithfully,

A.H.Hinds
Private Secretary.

H.D.Scully, Esq.,

Commissioner of Customs,

OTTAWA.

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124803

Ottawa, March 5, 1935.

Memorandum to Mr. Hinds:

Please read the attached, all at least except the book, which should be returned. These people, Twyford's, seem to me to have a strong case. I wish you would take it up with the proper official. There certainly is no adequate reply to the Twyford's representations on this file. Also make up your mind whether, if the Department will not meet the representations, Twyford's have an appeal to the Tariff Board here.

I want to make reply to Mr. Hinds as soon as possible.

A. M.

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CABLE ADDRESS:
"HINDSCO"
WINNIPEG

A. E. HINDS & CO.

FACTORY REPRESENTATIVES
HARDWARE, PLUMBING AND HEATING SUPPLIES
Asbestos and Leather Packings

GALT BUILDING
COR. PRINCESS AND BANNATYNE

WINNIPEG
CANADA

WHOLESALE DISTRIBUTORS:
G. W. SADLER BELTING CO. LTD.

124804

March 22nd, 1935.

A. H. Hinds, Private Secretary,
Right Honourable Arthur Meighen,
Senate, OTTAWA.

Dear Sir:-

I acknowledge with thanks receipt of your letter of the 18th inst. and have noted contents.

I have no knowledge of any information required by the Customs Department from Messrs. Twyfords Limited other than that referred to in correspondence, and particularly Twyfords' letter to Commissioner of Customs of Feb. 9th, copies of which have already been forwarded to Mr. Meighen.

However I am communicating with my principals and will write further upon receipt of their reply. Again thanking you,

Yours very truly,

A E Hinds

AEH:A

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Port alfred. P.Q. 24805
Co. Chicoutimi.
25 march 1935

43

To the Hon. H.M.A. Meighen
Ottawa. ont

Dear Sir,

My appreciation of the recent action of the Minister of Finance in calling off the 15% Duty on unbound books is hereby brought to the attention of Your Honour.

a certain French Newspaper of Montreal states, in no uncertain

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124806

terms, that the Government Leader in the Senate is no stranger to this modification of the additional protocol.

My kin and myself rejoice in this move; and for my part, I say:

O Lord, that lends me life,
Lend me a heart replete with thankfulness.

Sincerely

J. E. Lagacé.

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124807

COMMISSIONER OF CUSTOMS
CANADA

OTTAWA, 13th April, 1935.

A. H. Hinds, Esq.,
Private Secretary to the
Rt.Hon. Arthur Meighen, P.C.,
The Senate,
Ottawa, Ontario.

Dear Mr. Hinds,-

Referring to my letter of the 14th ultimo relative to the value for duty purposes of sanitary earthenware imported by Messrs. A. E. Hinds and Company, Winnipeg, from Messrs. Twyfords Limited, Stoke-on-Trent, England, in view of cost information recently submitted by certain of the manufacturers concerned, Collectors of Customs and Excise have been advised that the instructions issued to them in November 1934, are suspended, pending the receipt and consideration of a further report which our Investigating Officer in London has been instructed to make. Requests for amending entries are being held in abeyance and I need hardly say that any additional duty and taxes paid will be refunded where warranted.

Yours faithfully,

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124808

COMMISSIONER OF CUSTOMS
CANADA

Ottawa, 14th March, 1935.

A.H. Hinds, Esq.,
Private Secretary,
The Senate,
Ottawa, Ontario.

Dear Mr. Hinds,-

I have your letter of the 5th instant, together with file of correspondence addressed to the Rt. Hon. Arthur Meighen, P.C., Ottawa, by Messrs. A.E. Hinds & Company, Winnipeg, respecting the value for duty purposes of Sanitary Earthenware from Messrs. Twyfords Limited, Stoke-on-Trent, England.

"I beg to advise that the Department has, for some time, had under consideration the matter of the value for duty purposes of sanitary earthenware from the United Kingdom.

Messrs. Twyfords Limited have been requested to furnish the Investigating Officer of this Department with certain production and market information which is essential to the proper consideration of their representations. This information has as yet not been submitted to the Special Officer, although similar information has been furnished by other United Kingdom exporters.

In the meantime the Department is appraising on the basis of the home market list prices and trade discounts as issued by the Sanitary Earthenware Manufacturers Association, Stoke-on-Trent, England."

All questions of appeal to the Tariff Board should be taken up with the Chairman of that Board.

Yours faithfully,

H.B. Rennie

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CABLE ADDRESS:
"HINDSCO"
WINNIPEG

A. E. HINDS & CO.

FACTORY REPRESENTATIVES
HARDWARE, PLUMBING AND HEATING SUPPLIES
Asbestos and Leather Packings

GALT BUILDING
COR. PRINCESS AND BANNATYNE

WINNIPEG
CANADA

WHOLESALE DISTRIBUTORS:
G. V. SADLER BRITTEN CO. LTD.

124609

April 15th, 1935.

Right Honourable Arthur Meighen,
The Senate,
OTTAWA.

Dear Mr. Meighen:-

I wish to take this opportunity of thanking you for your kindness and assistance in connection with the adjustment of a matter of duty on Sanitary Pottery shipments from England.

I have been advised by cable from my principals, Twyfords, that shipments of Closet Bowls can now be made on the same basis as previously, pending further investigation. I am also in receipt of confirmation under date of April 12th from the Commissioner of Customs.

Again thanking you,

Yours very truly,

A E Hinds

AEH:A

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

L24810

Ottawa, Ontario.
April 16, 1935.

43

Dear Sir:

Pursuant to my Secretary's letter to you under date of 18th March, the Department of National Revenue now advise me that in view of cost information recently submitted by certain of the manufacturers concerned, Collectors of Customs and Excise have been informed that the instructions issued to them in November 1934 are suspended, pending the receipt and consideration of a further report which the Investigating Officer in London has been instructed to make. Requests for amending entries are being held in abeyance, I understand, and any additional duty and taxes paid will be refunded where warranted.

Yours very truly,

Arthur Meighen.

A. E. Hinds, Esq.,
c/o A. E. Hinds & Co.,
Galt Building,
Winnipeg, Man.

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CANADA

124810

OTTAWA, 18 March, 1935.

Dear Sir,

In the absence of the Right Honourable Mr. Meighen I beg to refer to your communication respecting the value for duty purposes of sanitary earthenware from Messrs Twyfords, Limited, Stoke-On-Trent, England.

Upon receipt of your communication Mr. Meighen took the matter up with the Department of National Revenue and the following report has now been received:-

"I beg to advise that the Department has, for some time, had under consideration the matter of the value for duty purposes of sanitary earthenware from the United Kingdom.

Messrs Twyfords, Limited, have been requested to furnish the Investigating Officer of this Department with certain production and market information which is essential to the proper consideration of their representations. This information has not yet been submitted to the Special Officer, although similar information has been furnished by other United Kingdom exporters.

In the meantime the Department is appraising on the basis of the home market list prices and trade discounts as issued by the Sanitary Earthenware Manufacturers Association, Stokes-on-Trent, England."

If you

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0.24812

If you will let Mr. Meighen know when Messrs Twyfords have furnished the information required by the Department he will I am sure be glad to take the matter up again.

Yours very truly,

A.H.Hinds
Private Secretary.

A.E.Hinds, Esq.,
Messrs A.E.Hinds and Company,
Winnipeg, Manitoba.

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124813

Ottawa,
May 20, 1925.

4 3
Tariff

Dear Mr. Near:

I have your letter of 27th. Am glad you have written me on this matter. There could, of course, be no change in the tariff until next Session, and as election intervenes there is just a shadow of possibility that another Government may be in office by next Session. In the other event it would indeed be a pleasure to me to watch this matter and keep your representations in mind when the tariff is again under review.

Yours very truly,

Arthur Meighen.

Mr. W. W. Near,
Page-Hersey Tubes, Limited,
100 Church St.,
Toronto 2, Ont.

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ADDRESS ALL COMMUNICATIONS TO THE COMPANY

PAGE-HERSEY TUBES, LIMITED

124814

MANUFACTURERS OF
STEEL PIPE
GENUINE WROUGHT IRON PIPE

PAGE-HERSEY BUILDING
100 CHURCH STREET
TORONTO 2, CANADA

May 27th, 1935.

Rt. Honourable Arthur Meighen,
c/o Canadian General Securities Ltd.,
National Building,
Toronto, Ont.

Dear Senator;-

You have always expressed your interest in the fortunes of Page-Hersey Tubes.

You will perhaps recollect, that during the past three years, we have been importuning not only the Minister of Finance, but the Prime Minister - the Minister of Justice - Tariff Board - and all others in authority, in connection with duty on Boiler Tubes.

These are a highly finished product, and are the only Steel commodity in the entire Tariff, which is not encouraged by a protective tariff.

There would appear to be absoltely no reason why this matter has not long since been implemented by a Tariff.

The Prime Minister has expressed his desire to assist the industry, but so far nothing has been cone.

Can we not bespeak you to use your good offices in this connection?

Thanking you in anticipation, I remain,

Yours very truly,

W W Near

N'T

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C.C. for Rt. Hon. Arthur Meighen.

124815

Radio Tariff

Tariffs

June 3, 1935.

Mr. M. J. Patton,
301 Ottawa Electric Bldg.,
OTTAWA, Ont.

Dear Mr. Patton:-

I have been checking through on the tariff situation and this morning heard from Mr. C. T. Clarkson in regard to the answer he received from Mr. Scully.

I am attaching hereto a copy of this which is self-explanatory and seems to point to the fact that we have got nowhere in our efforts to date.

Immediately after hearing this from Mr. Clarkson I got in touch with Senator Arthur Meighen who has promised to do everything he can for us in Ottawa and arrives there on Tuesday morning. I told him that you would get in touch with him and outline the picture. Please be sure to do this first thing so that no time is lost.

I had another talk with Gardner of the R.C.A.Victor Company and his ideas are that while he does not see any point to the 50% loading he would be interested in having an arbitrary valuation established, based on an average of American costs. I can see his point in this as his costs are materially higher than Philco's and he would not suffer while Philco would. This would at least be a step in the right direction but still would not make it necessary for Philco to make use of Canadian facilities, employ Canadian labor instead of American, have their tooling done in Canada and thereby assure a cost of product which would make it impossible for them to cause the serious upsets that now appear in the market, nor would it increase the amount of Canadian labor very materially or obviate the possibility which now exists of throwing a large number of presently employed Canadians out of work in favor of Americans.

Major Hahn is contacting Geo. H. Gooderham, Ex-Mayor Stewart and our representative, Col. Geary, along the same lines and I am trying to reach Gardner by telephone to see if we can't get some action through Kahan as Senator Meighen feels that this is a very strong point. I am also trying to reach the General Manager of the Auto-Lite Company to bring pressure on their Member, Ross Gray, and I would suggest that you check with Ross Gray in Ottawa to see whether anything has been done. As it is a question of employment it should be of vital importance to Ross Gray, Geary, Stewart and any members whose constituencies are affected.

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J 24816

As soon as I know what action Gardner and the Auto-Lite will take I will let you know. In the meantime, please check with Gowling and find out what he has to report and let me know at once how things stand as we must take immediate action if there is any hope of making progress other than through the Tariff Commission.

Yours very truly,

DGM/AM.

P.S. How about the basis for protecting Canadian manufacturer:-

Chassis without tubes, speakers or cabinet to have a Canadian labor and material content of 60% (x) or the duty charged be on U.S. list for complete set less 30%.

This would be simple and most effective.

(x) the 40% U.S. Balance to be on the present basis.

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ADDRESS ALL COMMUNICATIONS TO THE CORPORATION - NOT TO INDIVIDUALS

124817

ROGERS-MAJESTIC CORPORATION LIMITED

BRANCHES
SAINT JOHN, N.B.
MONTREAL, QUE.
WINNIPEG, MAN.

HEAD OFFICE
TORONTO 2
CANADA

D. G. MACKENZIE
VICE-PRESIDENT AND GENERAL MANAGER

June 3, 1935.

Rt. Hon. Arthur Meighen,
National Building,
TORONTO, Ont.

Dear Senator Meighen:-

I am attaching hereto copies of the correspondence between Mr. G. T. Clarkson and Mr. Matthews, also a letter I have just written to our Ottawa representative, Mr. M. J. Patton.

Since our conversation, I have talked with Mr. Minch, of the Auto-Lite Company, who is immediately getting in touch with Mr. Ross Gray as you suggested, and also Mr. Lyle, who I believe is interested in the Conservative organization in his territory. Mr. Minch is concerned with the distinct tendency towards importation rather than manufacture in Canada which hits his business even as the direct competition of the imported goods hits ours and any other manufacturer who is endeavouring to spend his money in the country.

I also called Mr. Benjamin Gardner, President of the R.C.A.Victor Company at Montreal and asked him to contact the Honorable Mr. Kahan. Just how strong a case Mr. Gardner will put up I do not know as he is worried about the possible effects that protection of the radio industry might have on the importation of broadcasting equipment and sound equipment for moving picture theatres. It does not seem reasonable to associate these lines as there is no real Canadian competition whereas radio has been built up until there are sources within the Dominion which can supply practically every requirement of the manufacturer with the exception of raw materials.

As I see the picture at the moment, the protection is such as to place the importer at a distinct advantage. The Canadian consumer is now either paying too much or too little for his radio. Too much if it is felt that radios should not be manufactured in Canada and that the labor now employed can be looked after in other lines of merchandise, too little if it is desired to continue the domestic production of the product and keep in the country as much as possible of the $16,000,000.00 spent annually by the Canadian public on radios. We feel that a slight increase in the protection would result in not only giving continued employment for 2000 men and women who would necessarily be put out of work by a return to the

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ADDRESS ALL COMMUNICATIONS TO THE CORPORATION - NOT TO INDIVIDUALS

124818

ROGERS-MAJESTIC CORPORATION LIMITED

BRANCHES
SAINT JOHN, N.B.
MONTREAL, QUE.
WINNIPEG, MAN.

HEAD OFFICE
TORONTO 2
CANADA

D. G. MACKENZIE
VICE-PRESIDENT AND GENERAL MANAGER

old importing method but increased employment in the Dominion through the manufacture by Canadians of the sets now imported from American factories.

Already the Victor Company has commenced to do more importing than was the case in the past and the Rogers Majestic Corporation will have to follow suit in order to compete unless protective measures are put in before the commencement of serious manufacture this season.

With reference to the remarks in Mr. Scully's letter to Mr. Clarkson, may I say that the radios imported from the United States are not suitable for operation here and will not pass the Hydro specifications. Equivalent Canadian sets sell at the present time from 50 to 75% higher than American sets and in practically all cases have finer cabinet work and a higher quality mechanism than is the case in the United States equivalent.

Yours very truly,

DGM/AM.

I have been unable to locate Mr Russell but will look following this up.

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CANADA

C
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P
Y

124819

OTTAWA, 22nd May, 1935.

G. T. Clarkson, Esq.,
15 Wellington Street West,
Toronto 2, Ontario.

Dear Mr. Clarkson:-

In the absence of the Minister your letter of the 17th instant has been brought to my attention and I have carefully noted your review of the radio business as it applies to the Rogers Majestic Radio Corporation.

On account of numerous complaints that had been received by the Department about the importation of radio parts from the United States, arrangements were made for two officers to make investigations simultaneously to ascertain if such parts were being imported into Canada at too low a valuation. These two officers did not operate together but conducted their enquiries at the same time, and their reports were to the effect that everything was perfectly in order, that the exporters were invoicing in accordance with the rulings applicable to all radio manufacturers and that the values complied with the provisions of subsection 2 of Section 36 of the Customs Act.

Complaint had also been made that some of the parts were improperly invoiced, but this allegation was found to be incorrect.

The Department has pretty complete information regarding radio parts manufacturers' costs in the United States and consequently is in a position to exercise close supervision over the situation and to see that the measure taken to safeguard the Canadian industry is not undermined or disregarded.

In your letter you also raise the question of additional protection for the radio manufacturers. This is a large question and hardly falls within the Department's province, but as your principals will recall, in 1931 an Order-in-Council was passed stipulating the trade discount which might be allowed for duty purposes. This action was taken following representations to the effect that the jobbers' prices on radio sets manufactured in the United States and imported into Canada were so low as to make manufacturing in Canada unprofitable.

This action is causing wide-spread dissatisfaction. It is true that radio sets are being sold in the United States at low prices, but still at prices which give the manufacturers a profit, and every day letters are received from consumers complaining of the heavy charges they are called upon to pay for duty, taxes and special duty. The enclosed copy of correspondence, which I would ask you to treat as confidential, is an example of the kind of protest we are receiving. You will observe that the importer is called upon to pay nearly two hundred per cent in Customs and Excise charges, and you will appreciate that if such a state of affairs were broadcast it would create a very bad impression and certainly would tend to bring about adverse criticism of the Canadian Radio manufacturers, as the feeling undoubtedly would be that it would be preferable to do without an industry which required such costly protection to keep it alive.

Yours very truly,

"H. V. Scully"

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ARCHIVES PUBLIQUES
CANADA

(COPY)

124820

May 17, 1935.

Hon. R. C. Matthews,
Department of National Revenue,
Ottawa,
Canada.

Dear Mr. Matthews:

About two years ago, as you may perhaps remember, the DeForest Crosley Radio Corporation, of this City, became financially involved, when a scheme or arrangement with its Creditors and an amalgamation with the Rogers Majestic Radio Corporation, Toronto, was effected, and this saved the Company from bankruptcy and permitted its business to be continued. The transaction could not have been effected and the business saved had it not been for the prompt action of yourself in dealing with the Government's claims against the Company. Since such arrangement was effected I have had contact with the affairs of the amalgamated company and within the last few days the Officers have discussed with me certain conditions with which it and the industry in Canada, in general, are confronted. These conditions are of the most serious importance from their standpoint and they are also, I think, worthy of consideration by you from a National standpoint - hence I am taking the liberty of writing to you.

The supply of radios to the Canadian public is principally provided by certain Companies which have factories in Canada where they manufacture parts and, in addition, they also purchase other parts, which they do not produce, from various other factories in Canada - these parts are then assembled into radios. The remainder of the supply of radios to the public is largely provided by certain assembling plants in Canada which are controlled by American manufacturers who, due to the large volume of business done in their United States factories, are able to supply parts to such assembling plants at costs much below those of the Canadian factories whose field and volume of business is not nearly so extensive.

Over the last four years, according to reports of the Officers of the Rogers Radio Corporation, the Radio Companies which manufacture parts in Canada have not been able to obtain any margin of profit from their operations but all of them have sustained serious losses - due largely, it is claimed, to the competition of the assembling plants mentioned and the ability of the latter to import parts at reduced prices. As opposed to this the current understanding is that such assembling plants (with but slight capital believed to be invested in them) have been able to earn substantial profits, and with such the case they have on several occasions created serious disturbance in the industry by dumping radios on the market at greatly reduced prices, a course of action which has served to create continued uncertainty and unsettlement.

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Hon. R. C. Matthews

124824

May 17th, 1935.

With the above conditions prevailing the Officers of the Rogers Majestic Radio Corporation have now reached the conclusion that unless Canadian Radio manufacturers can obtain adequate protection against the assembling plants it will be impossible for them to continue the manufacture of radio parts in Canada but they will be compelled to close down their manufacturing operations and to import radio parts from the United States, when their factories will become assembling plants only and they will be put in a position where they can compete with the assembling plants that now exist. The Rogers Company does not desire to pursue such a course, however, if it can be avoided because of these facts.

At the present time estimate is that between 2,000 and 2,500 persons are engaged in Canadian factories in the manufacture (aside from assembling) of radio parts, and also as closely as can be judged another 500 persons obtain employment in other Canadian plants which produce parts and sell the same to radio manufacturers. These 2,500 to 3,000 employees are, it is said, paid an average wage of about $20. per week, or between two and a half and three million dollars per annum, while in addition, a further $250,000. per annum is paid to engineers employed by the Companies in connection with the manufacture of radio parts. The employees mentioned and such engineers will have to be discharged and will lose their present source of employment if all Canadian radio factories were to close down and be converted into assembling plants. Should such be done, also, not less than $600,000. to $750,000. of factory equipment would be dismantled and go out of use.

With the fact that the question of unemployment is one of the major problems before the Government of the Dominion of Canada at this time, the Rogers Company's Officials feel that it will not desire to have the plant closed down and the employees mentioned thrown out of work but they see no way of avoiding it unless your Department can give the industry further protection preferably by having such arbitrary valuations placed upon radio parts imported from the United States as will, after payment of duty thereon, prevent them from being imported into this country at costs lower than those at which (including engineering expenses) they can be produced here. Information given to me is that all parts necessary for the production of radios are now being manufactured in Canada and that no need therefore exists to import any of them.

I have asked the Officer of the Rogers Majestic Radio Company to tell me what in their opinion would be the effect upon prices of radio sets in Canada were such protection to be given, and they state it would probably result in an increase of $10. per set on the 168,000 sets now being produced annually by Canadian factories, and of such $10. one-half or $5. would be received by the manufacturers. If such estimate is correct it would mean an additional charge to the public for radios of approximately $1,680,000. per annum, or an amount slightly more than one half of the wages now being paid to employees engaged therein who would lose their positions if the factories were to be closed down. Opinion is that the additional $5. per set which the Companies would receive would be sufficient to enable them to avoid the losses which they are presently sustaining in carrying on their factories.

As the Rogers Company is now starting in on operations for next season and has to determine immediately which course it is to pursue its Officials are exceedingly anxious to have you consider the situation and deal

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124822

Hon. R. C. Matthews

May 17th, 1935.

with it, if at all possible, at an early date. In making such request they merely desire to draw the urgency of the situation to your attention, appreciating as they do the promptness and expedition with which you deal with all matters which come before you.

If I may hear, also, from you at your convenience, I shall be very much obliged.

Yours truly,

(Sgd.) G. T. Clarkson

GTC/D.

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124823

Ottawa,
June 7, 1935.

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Dear Mr. Lawson:

I duly received your letter of 1st and have been as busy as I could get time to be on the matter since.

The Dominion Tariff Board has made a report on this subject and up to date the Government has never failed to implement the report of this Board. They have taken the ground that they have confidence in the Board, and you can realize it would be no light thing to ignore a report especially along the line of lower tariff. A Bill has, therefore, been passed by the Commons and is now before the Senate giving effect to the recommendation. The Senate, as you know, whatever its powers may be (and personally I think they are ample) does not as a matter of fact interfere with taxation Bills, except occasionally to reduce.

The Tariff Board report, however, was that of this class of biscuit the importation was about one-third of one per cent of consumption and the Tariff Board were convinced that there could be no very considerable importation, and none materially affecting Canadian industry, even if this special class is admitted free. Personally I am not so sure that they are right but apparently the biscuit people have failed to convince the Board on the subject and it is now like trying a case after it is closed.

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124824

I certainly am sorry I cannot write you a more favourable report. Do not hesitate to put it up to me any time you are interested and on any subject.

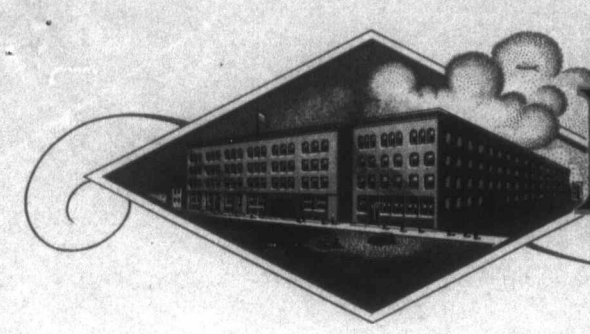
Yours very truly,

Mr. Ray Lawson,
Lawson & Jones, Ltd.,
London, Ont.

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124825



LAWSON & JONES
LIMITED

LITHOGRAPHING
COLOR PRINTING
CALENDARS
FOLDING CARTONS
WINDOW DISPLAYS
ADVERTISING SPECIALTIES

CABLE ADDRESS "CONTAINERS" LONDON
BENTLEY'S CODE

ESTABLISHED 1882
London, Canada

June 1st, 1935.

Rt. Hon. Arthur Meighen,
Senate Chambers,
OTTAWA, Ontario.

Dear Senator:

This morning I had a call from Mr. Ross, Managing Director of Canada Biscuit Company Limited, stating that the Dominion Tariff Board had tabled a report on the importation of biscuits that was going to work a great hardship on the Canadian biscuit factories.

Mr. Ross has written me a letter which I am enclosing. I personally know that the biscuit companies in Canada have had a very hard time during the past few years and it appears to me that any rulings that would now be put in effect detrimental to them would be a catastrophe.

I would appreciate your reading the enclosed letter and if there is anything you can do to have this report given further consideration I would certainly be grateful. Thanking you, I am,

Sincerely,
Ray Lawson

Ray Lawson:H

Pleased to have a favorable report on Mr Ross' conditions today.
R.L.

ALL STONES AND ENGRAVINGS ARE TO REMAIN OUR PROPERTY

GOVERNMENT SALES TAX IN FORCE AT TIME OF SHIPMENT CHARGED EXTRA

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CANADA BISCUIT COMPANY, Limited

124826

EXECUTIVE OFFICES

McCORMICK PLANT LONDON, ONTARIO

OWNING AND OPERATING

McCormick Mfg. Co., Limited, London, Ont. D S. Perrin & Co., Limited, Montreal, Que.
J. A. Marven, Limited, Moncton, N.B. Paulin-Chambers Co., Limited, Winnipeg, Man.
Montreal Biscuit Co., Limited, Montreal, Que. Northwest Biscuit Plant, Edmonton, Alta.
Northwest Mill and Feed Plant, Edmonton, Alta.

June 1, 1935.

Mr. Ray Lawson,
c/o Lawson & Jones Ltd.,
LONDON, Ontario.

Dear Mr. Lawson:

I regret to have to advise that the Dominion Tariff Board tabled a report in the House of Commons yesterday that sweetened or unsweetened biscuits imported from the United Kingdom listed at not less than 20¢ per pound be admitted to Canada free of duty.

The board states that Canadian producers of biscuits are at no disadvantage in the Canadian Market in higher priced biscuits but we emphatically state that the board is not correct in this as it is well known that manufacturing costs, wages, and materials are higher in Canada than in England.

We challenge the board's conclusion drawn from the comparison of production costs which we insist shows clearly that Canadian costs are considerably higher.

Canadian Biscuit factories are large outlets for Canadian wheat flour, and are very large users of butter, eggs, lard, sugar, cheese and paper products, whereas, the United Kingdom biscuits contain no Canadian wheat, butter, eggs, lard, sugar, cheese and practically no paper products.

The removal of duty on 20¢ lines from the United Kingdom will, I fear, bring very keen competition into the Canadian market for the better class biscuits, the only biscuits in which there is a reasonable profit to the Canadian Manufacturer. The result will be, we believe, that Canadian Biscuit Manufacturers will find their production confined largely to low-priced, non-profitable lines.

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CANADA BISCUIT COMPANY, LIMITED

2nd Sheet

124827

To Mr. R. Lawson

Date June 1, 1935

The industry as you know is in a bad way and requires every assistance, government and otherwise, to restore it to prosperous conditions. Anything you can do for us to prevent this free entry will be very much appreciated.

Very truly yours,

Kryptor Parchment

J. W. ROSS,
Managing Director.

JWR/S

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124828

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CANADIAN NATIONAL NEWSPAPERS
AND PERIODICALS ASSOCIATION
Affiliated with Canadian Press Association, Inc.
137 Wellington Street West
TORONTO, CANADA

February 10th, 1936.

To the Members
House of Commons
and Senate,
Ottawa, Canada.

SHOULD OUR TARIFFS AND TAXES GIVE UNITED STATES PUBLISHERS AN ADVANTAGE?

Common sense says No! to the foregoing question.

But economic conditions created by the Canada-United States treaty warrant the production of Canadian periodicals in the United States.

United States publishers have tremendous advantages in Canada over Canadian publishers.

1928 - In 1928 the Hon. James A. Robb, then Minister of Finance, said No! and he took important steps toward giving Canadian publishers an even chance in their own country.

In 1928 the government made the first important move toward the removal of legislative handicaps of Canadian publishers when it granted an eighty per cent drawback on paper entering into the production of periodicals. When the drawback came into effect eight leading periodicals and farm journals were using 1912 tons of paper per annum: at the time the drawback was cancelled, in 1930, these publications required 5283 tons per annum: an increase of 3371 tons, indicating greater progress in eighteen months than had taken place in the previous ten years. Canadian publishers paid only 50% of the then current sales tax (1%) on paper. The postal rate was 1¢ per lb. on second class matter. These adjustments partially freed Canadian publishers from their legislative shackles but they continued to suffer serious handicaps in other duties and taxes.

1931 - In 1931 a tariff was imposed on the advertising contents of certain foreign periodicals. This was not done at the instance of Canadian publishers who preferred to retain the drawback on paper, exemption from sales tax and lower postal rates, but at the request of other Canadian producers. The imposition of this tariff created an opportunity for Canadian publishers and imposed upon them an obligation to meet the periodical needs of Canadians with periodicals comparable to any produced anywhere, an obligation which they have discharged in full. But, meeting the periodical needs of Canada compelled an expansion of service to readers, in many cases by 100%, in the face of declining and seriously curtailed advertising revenues. These increased costs have not been offset by compensating revenue. Production expenditures of periodicals come out of advertising revenues, not out of subscription sales. Additional advertising has not been available to meet

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the cost of serving additional hundreds of thousands of new subscribers who replaced foreign publications with Canadian periodicals which, because of the efforts and expenditures of the publishers, have proven more satisfactory.

When the then Prime Minister, Rt. Hon. R. B. Bennett, presented the tariff items on foreign periodicals July 17, 1931, he took action at the request of Canadian producers other than publishers. The Rt. Hon. W. L. Mackenzie King, in commenting on the resolution, said -

> "The resolution as introduced was almost in the nature of an embargo on periodicals and magazines coming from the United States and other countries to this country, and as such it seemed to me to be a tax on thought and literary art. The protest that I wish to make at the moment is against a tax of that character....May I say that thought, as hon. members well know, is cosmopolitan. It should have no limitation with respect either to place or time. All advances that are made in civilization are the result of ideas, and in any way to preclude the possibility of a good idea having its opportunity of fruition to the full in any quarter is to retard to that extent the progress of civilization itself....I deplore any tax which will in any way restrict the widest spread of views and ideas throughout communities, particularly communities that are neighbours."

1930-1931 Increased Taxes on Canadian Publishers

The drawback on paper granted by Mr. Robb in 1928 was cancelled at the special session of parliament in 1930, resulting in tariff-enhanced costs of paper to Canadian publishers amounting to hundreds of thousands of dollars per annum. In July, 1931, a postal rate of 1½¢, being ½¢ per pound increase, went into effect, adding an unbearable burden of extra cost to depression losses. The sales tax on materials was increased to 4% and in April, 1932 to 6%, at which time the 50% exemption on material used in periodicals was cancelled. The foregoing added taxes which increased the cost of publishing Canadian magazines and periodicals by hundreds of thousands of dollars annually, do not apply to United States periodicals.

Urgent Need of Action

Continuing losses cannot be incurred and borne indefinitely. When the publishers of Canadian periodicals undertook to occupy the Canadian market through the replacement of foreign periodicals, they could not foresee the protracted difficulties of domestic and world business, nor changes in government policy. They expanded when general conditions dictated the wisdom of retrenchment but a special condition created by the government of Canada seemed to justify their action.

1936 -

The trade agreement effective January 1, 1936, makes it imperative that Canadian publishers be given the same opportunities as their foreign competitors who have great natural and production advantages against which we must continue to contend. We are confident that the government of

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Canada contemplated nothing less than this when it considered the new trade agreement and we anxiously await assurance that our publications are not to be destroyed by tariff-enhanced costs and unrestricted competition.

THE REMOVAL OF ALL DUTIES, SALES AND EXCISE TAXES AND REDUCTIONS IN THE POSTAL RATES, ARE URGENTLY NEEDED TO OFFSET THE RUINOUS DISPARITIES UNDER WHICH CANADIAN PUBLICATIONS SUFFER.

The Hon. James A. Robb and the Mackenzie King government of 1928 recognized the need of equity for Canadians and took action toward it.

Rt. Hon. W. L. Mackenzie King forcefully stated the case for an unhampered periodical literature, in 1931. He accurately reflected public opinion then and now.

The people of Canada and the parliament of Canada want vigorous, vital national periodicals. This session of parliament should result in action that will give Canadian readers the continuing and growing benefit of strong Canadian periodicals, based on an even chance for Canadian publishers in their own country.

The Hon. Charles A. Dunning, Minister of Finance, has this problem under consideration. You are urged to support a proven solution - proven by the action of the Minister of Finance in the Mackenzie King government of 1928.

Signed: CANADIAN NATIONAL NEWSPAPERS
AND PERIODICALS ASSOCIATION

JOHN ATKINS

Manager.

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COPY.

FURNITURE MANUFACTURERS' ASSOCIATION 1 2 4 6 3 /

TORONTO, March 11, 1936.

Hon. Geo. H. Sedgewick, K.C.,
Chairman, The Tariff Board,
OTTAWA, Canada.

Sir,- Reference No. 93

On making further investigation as to the ratio of imports to production I find it somewhat difficult to compile any table of products which can be compared with exactly the same articles reported as imports.

On referring to the trade return for the Calendar year of 1929, I find that a number of the articles shown on Table 8 (a) in the report on the Furniture Industry for that year are reported separately in the trade return as follows.

Page 100	Furniture	$ 4,136,410
Page 203	Mattresses	17,666
Page 205	Phonographs	1,673,008
Page 207	Children's Carriages	181,212
Page 203	Refrigerators	1,973,068
Page 100	Mouldings	125,561
Page 203	Picture Frames	227,663
Page 203	Lamp Shades	274,478
		$ 8,609,066

Different ratios could be figured out according to the manner in which the figures covering production and imports were arranged.

The production report contains an item of $657,332 for "amount received for reparis". I do not think that this item should be included in any total to be set against imports, and in the absence of exact, parallel figures it is questionable how much of the amount of $3,447,927 classed as "all other products" should be set against the imports.

I believe, however, that this additional information will help you to get a better picture of our situation in 1929.

Yours very truly,

JEF/C GENERAL MANAGER & SECRETARY.

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THE TARIFF BOARD

CANADA

Ottawa, March 14th, 1936.

Jas. E. Ferguson, Esq.,
General Manager & Secretary,
Furniture Manufacturers' Association,
204 Richmond Street West,
Toronto 2, Ontario.

Dear Mr. Ferguson:- Reference Number 93.

The Chairman has handed to me for reply your letter of March 11th, relative to your further investigation of the ratio of imports to production. We appreciate and share your difficulty of decision concerning the apportionment of these different items. The only satisfactory way out of the difficulty of choice would seem to be to make the comparisons on two or three different ratios.

Thanking you for your information, I am

Very truly yours,

Huntley M. Sinclair

HMS/G. Research Assistant.

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PLEASE ADDRESS ALL COMMUNICATIONS TO THE COMPANY

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The McLagan Furniture Company, Limited

STRATFORD CANADA

Mar. 19, 1936

PRIVATE AND CONFIDENTIAL.

Rt. Hon. Arthur Meighen, K.C.,
Leader of the Senate,
Ottawa, Ont.

Dear Mr. Meighen:

The fact that your company are holders of stock in the McLagan Furniture Company Ltd. and also the fact that the new trade treaty between the United States and Canada is very injurious to the furniture manufacturing trade in Canada, led me to believe that you might be interested in receiving a copy of the brief that was presented before the Tariff Board dealing with this matter, hence I am forwarding to you under separate cover, a copy of the brief.

A perusal of the brief will furnish you with quite a complete picture as to just how the new treaty will effect our industry and as to why we are particularly concerned in having the intermediate tariff increased to 45%, which with the 10% reduction under the favoured nation treaty provisions would leave the duty at 40½%, being practically the same as the United States reserve for their own protection.

When the duty was fixed at 30%, where it remained for thirty or more years, most of the furniture was made from domestic woods, such as Elm, Birch, Ash and Maple, but of late years the greater portion is made of veneers, the bulk of which comes from the United States, carrying rather heavy rates of duty.

Under the previous liberal regime in 1929 the duty was increased from 30% to 42% against the four Southern States who were then the principal offenders, but this was very difficult of enforcement and hence when our party came into power in 1930, I succeeded in prevailing upon Mr. Bennett to advance the duty to 45% and make it applicable to all the states of the Union.

This arrangement has worked out very satisfactorily and I

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Rt. Hon. Arthur Meighen, K.C.,

believe there has been no agitation from any source for a change.

A perusal of the brief will show the rocky road the industry has been travelling and the money lost but were it not for this new obstacle, we fully expected that 1936 would show the industry once again on a profit paying basis.

Should opportunity present itself of your putting in a word in support of our request, we would appreciate it very much indeed.

With kindest personal regards, I remain

Yours very truly,

PRESIDENT.

DMW:H

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Rt Hon Arthur Meighen K.C.

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TARIFF STATEMENT

by the

FURNITURE MANUFACTURERS ASSOCIATION

March 9, 1936.

Reference Number 93.

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EAST, WEST, HAME'S BEST

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TARIFF STATEMENT

by the

FURNITURE MANUFACTURERS ASSOCIATION

March 9, 1936.

Reference Number 93.

The trade agreement entered into with the United States granted to that country the intermediate rate on furniture, i.e., a reduction from 45% under the former general rate to 30%, under the intermediate rates, less 10% under the most favoured nation treatment, or 27% net.

This reduction of 40% is a serious shock to the furniture manufacturing industry in Canada, as it forecasts the repetition of the heavy imports of furniture, particularly from the United States, such as occurred during the years from 1927 to 1930.

We request the changing of the intermediate rate in furniture from 30% to 45%, with the reduction of 10% granted to the most favoured nations. This change would make the rate under the intermediate tariff 40½%, which is practically the same rate as is imposed on Canadian furniture should same be entered for importation into the United States.

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STATISTICS ON THE FURNITURE INDUSTRY

According to the information supplied by the Dominion Bureau of Statistics, the Furniture Manufacturing Industry is located principally in South-Western Ontario. The report of the Bureau of Statistics for the year 1933 shows 383 firms listed as furniture manufacturers. Examination of this list shows that 63 firms manufactured allied lines, such as springs and mattresses, baby carriages, refrigerators, picture frames, etc., but not household furniture, and 239 of the listed firms were small shops, principally doing repair work, scattered throughout the country. The remaining 81 firms constitute the bulk of the Furniture Manufacturing Industry.

According to the Bureau of Statistics, the output is divided by Provinces as follows:-

Ontario - 68%
Quebec - 25%
B.C. - 7%

Many of these plants are located in smaller towns and are the evidence of many years of thrift and hard work on the part of men of moderate means and these factories are the main, and in many cases, the only place of industrial employment in that district.

Quoting from the 1933 statistics, these 81 firms have 90% of the total capital of actual furniture manufacturers; their output is 88%; they paid 90% of the total wages; and used 89% of all the materials. The complete figures are as follows:

	Total Reporting	Not Furniture Manufacturers	Below 10 Men	Furniture Mfrs.
	383	63	239	81
CAPITAL -	27,089,361.	6,140,152.	1,943,847.	19,005,362
%			9.28%	90.72%
OUTPUT -	15,016,942.	4,135,147.	1,229,883.	9,651,912.
%			11.31%	88.69%
SALARIES -	1,759,856.	474,096.	262,743.	1,023,017.
%			20.44%	79.56%
WAGES -	3,896,150	1,123,386.	278,952.	2,493,812.
%			10.05%	89.95%
MATERIALS -	5,267,902.	1,558,849.	392,154.	3,316,899.
%			10.58%	89.42%

Location of Factories

In Quebec, factories are situated at --

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Beauharnois	Danville
St. Therese	Coaticook
Victoriaville	Granby
Montmagny	Waterloo
Chicoutimi	St. Lambert

Montreal, etc.

In Ontario, the factories are located in --

Cornwall	Napanee
Toronto	Hamilton
Hespeler	Preston
Kitchener	Waterloo
Elmira	Elora
Stratford	Woodstock
Strathroy	Listowel
Wingham	Lucknow
Kincardine	Hanover
Neustadt	Chesley
Durham	Hepworth
Wiarton	Owen Sound
Meaford	Ingersoll
Milverton	Ottawa

In British Columbia there are factories situated in Vancouver.

EMPLOYMENT

The production of furniture calls for a labour force which, by reason of the great varieties of materials used and the different operations necessary, is actually divided into distinct groups, and men must either be trained in these groups or drawn from other industries. Broadly speaking, these groups are

(1) Machining
(2) Veneering
(3) Cabinet Making
(4) Finishing
(5) Upholstering

and there are many operations in each of these groups which requite special training. There is very little transferring from one group to the other and it has been the general practice for a man who has found a place in one of these groups to remain there as long as he is employed in the Industry. The maximum number of employees reported to the Dominion Bureau of Statistics was 13,082 in 1929 and the minimum number was reported in 1933, there being 7,722 in that year.

The index number of employment from January 1926 to February 1, 1936, is given in the attached table[x]. This table of index numbers of employment shows that there is a regular

[x]See page 7

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seasonal increase generally reaching the peak in April-May for the Spring Season and November-December for the Fall Season with the falling off of employment between these peak periods. This table, being constructed on the 1926 base, does not indicate the full extent of the decline since the peak of employment which occurred in November 1929. If that peak were taken as the base, the index number for the 1st of February, 1936, would be 61.5.

Attention is drawn to the fact that the index number for the 1st of February, 1936, shows a decline from the January figure of 79.8 which is contrary to all previous experience. Until this year employment figures in February indicated the beginning of the regular seasonal increase.

The number of men reported as being employed does not present the true picture unless taken in conjunction with the number of hours worked. From a special report made by us last year it was found that taking the year 1928 as a base, while the index number of employees reported dropped from 100 to 67, the hours worked per worker in 1934 dropped to 80, making the index number of man hours 53.

Wages: The maximum yearly amount of wages reported by the Industry was in 1929 when $11,997,435.00 was paid to the employees and this declined to $3,896,150.00 in 1933.

	No. on Salary	Amount of Salaries	Number of Wage Earners	Wages
1926	991	$2,002,774	8809	$8,454,646
1927	1077	2,185,513	9961	9,855,908
1928	1208	2,607,611	11331	11,081,733
1929	1193	2,514,638	11889	11,997,435
1930	1218	2,615,142	10762	10,159,454
1931	1288	2,546,688	8719	7,500,339
1932	1309	2,127,619	7039	4,754,468
1933	1215	1,759,856	6507	3,896,150
1934	1303	1,862,841	7120	4,634,757

The Association has periodically made a survey of the wage situation and the following is a table showing the average rate of wages paid at certain periods since 1925.

Date of Survey	No. of Employees	Average Hourly Rate
May 1925	3331	.348
May 1927	4153	.352
Sept. 1929	4938	.359
Feb. 1932	3196	.336
Dec. 1932	2437	.319
Dec. 1933	2437	.3047
March 1935	2408	.2855
Dec. 1935	2965	.3464

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It will be noticed that there is a decided increase in the average rate between March 1935 and December of that year. This increase was the result of the operation of the furniture schedule under the Ontario Industrial Standards Act which went into operation on the 1st of September, 1935. Because of that schedule the rate of wages of nearly every employee in the Industry in Ontario was increased, the average showing an increase of over 21%.

It is generally agreed that one of the conditions necessary for the continued satisfactory employment of labour is that labour should be paid a reasonable percentage of the value added to raw materials through the process of manufacturing and this percentage is conceded to be fair if it is in the neighborhood of 40-41. Since 1926 the percentage of this increased value paid to the employees of the furniture industry has been as follows, and is compared with the percentage in general manufacturing as shown in the Canada Year Book.

	Furniture	General Manufacturing
1926	42.4	33.6
1927	46.5	32.5
1928	43.5	31.9
1929	45.4	31.3
1930	44.	31.3
1931	45.3	29.7
1932	39.3	29.1
1933	39.96	
1934	44.47	

These figures are taken from the yearly report of the Dominion Bureau of Statistics.

Wage Legislation At present the Ontario operations are governed by the Furniture Schedule under the Industrial Standards Act. The Quebec operations are governed by the Collective Agreement under the Quebec Collective Labour Agreement Act, and the British Columbia operations are governed by a Minimum Wage Law passed by the Legislature of that Province.

The minimum rates for male help in these various regions are as follows:

Ontario -	Area "A"	- 30¢
Ontario -	Area "B"	- 32¢
Quebec -	Montreal District	- 25¢
Quebec -	Outside Montreal	- 22¢
Quebec -	One Special district	- 20¢
British Columbia		- 35¢

There are no minimum wage laws in the United States.

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There is no large concentration of labour in any one plant. Out of 46 factories reporting on the wage conditions on December, 1935, there are

150 or over	employees	-	2 factories
110-149	employees	-	6 factories
70-109	employees	-	14 factories
45-69	employees	-	18 factories
44 and below	employees	-	6 factories

Many furniture factories are located in the smaller towns and offer the main, and, in many cases, the only place of Industrial employment in that district.

(Next Page is Table referred to on page 3.)

...::...

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Index Numbers of Employment as Reported by Furniture Manufacturers

Index Numbers Issued by Dominion Bureau of Statistics

(Average 1926-100)

	Jan.	Feb.	Mar.	Apr.	May	June	July	Aug.	Sept.	Oct.	Nov.	Dec.
1926	88.2	96.7	98.9	99.3	101.5	100.8	100.5	99.4	98.4	101.7	102.6	105.2
1927	94.9	102.8	105.8	108.5	106.9	105.6	106.1	105.8	105.8	109.5	112.1	114.0
1928	105.3	113.3	113.7	116.1	117.1	117.1	117.0	118.4	116.5	120.0	120.6	121.4
1929	112.9	121.9	123.8	120.2	123.5	123.7	123.4	126.2	121.7	125.4	128.1	124.3
1930	108.9	118.0	115.7	114.7	113.0	112.0	105.2	102.3	100.8	110.1	111.7	110.0
1931	98.3	104.8	105.5	105.5	103.9	101.8	96.1	91.2	95.7	98.2	98.0	97.6
1932	85.2	91.0	84.9	81.2	77.1	77.4	71.2	62.4	67.3	72.9	75.8	73.9
1933	64.1	64.1	64.1	61.7	62.9	66.5	69.1	67.2	70.5	71.7	76.3	79.1
1934	69.3	73.0	72.9	72.9	74.2	73.1	72.5	70.1	72.3	76.9	78.9	78.1
1935	69.9	71.3	72.1	72.6	70.9	72.4	73.3	76.6	75.9	82.0	86.6	85.4
1936	79.8 1/	78.7										

1/ For Jan. 1, 1936, 139 establishments reported a combined payroll of 6,894 persons

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MATERIALS

In the construction of furniture of all grades the Industry draws its raw material, which constitutes approximately 43% of the average selling price, from a great many sources, thus supporting other Industries and aiding in the employment of more workers. Wherever possible, the Industry draws its requirements from Canadian production and only seeks material outside the country when unobtainable within.

Owing to the great variety of materials used by us, the activities of this Industry, probably more than in any other industry, have a widespread effect on general employment. We mention lumber; saw milling; iron and steel industry with its many varieties; varnish, lacquer, paint and colour industry; textile industry; plate glass industry; paper industry; leather industry; abrasive products and many others.

These materials are now discussed by groups.

Lumber

Many varieties of hardwood lumber are used. Among those of Canadian origin are --

Ash	Basswood
Beech	Birch
Butternut	Chestnut
Elm	Maple

and these woods are principally derived from Ontario (Muskoka District), Quebec and New Brunswick. While these districts are mentioned as the scene of large operations, much of this class of lumber used by our factories is drawn from local sawmills where logs are purchased from neighboring farmers. The principal woods used by the Industry which are not indigenous to the country and whose use is necessary to meet the demands of the market, are --

Gumwood
Mahogany
Oak
Walnut

and the purchases of these woods are made in the United States principally.

The consumption of lumber constitutes approximately 17% of the average selling price, and it is estimated that domestic lumber is about 50% of the total lumber used.

Freight costs are a considerable factor in the laid-down cost of lumber. The freight rates from Southern mills are

Kitchener & Stratford	51¢
Hanover & Owen Sound	53¢,

while many Southern factories can lay down lumber on a 16¢ rate.

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The official weight for Sap Gum, for instance, is 3300 lbs. per M. feet. A car containing 16,000 feet, costs

On a 51¢ rate at	Kitchener	16.83 per M.	or 269.28 total freight
On a 53¢ "	" Hanover	17.49 " "	or 279.84 total freight
On a 22½¢ "	" Knoxville,Tenn.	6.43 " "	or 102.88 total freight
On a 16¢ "	" Chattanooga	5.28 " "	or 84.48 total freight

A car of Oak, weight 4300 lbs. per M. will cost -

At Kitchener	21.93 per M. ft.	350.88
Hanover	22.79 " " "	364.64
Knoxville	9.67 " " "	154.72
Chattanooga	6.88 " " "	110.08

According to the actual amount of lumber in the finished product, these freight rates add approximately 33% to the cost at our factories as compared with the cost at Southern factories.

For example, from the specimen costs submitted we find that

Cost No.	Article	Lumber Cost	Southern Lumber Cost
2	Buffet	4.96	3.96
5	Dresser	1.97	1.61
7	Dresser	2.23	1.48
7	Chest	2.23	1.66
2	Table	3.23	2.12
2	China Cabinet	3.44	2.64
6	Dresser	2.85	2.28
3	Dining Suite	13.01	9.58
		33.92	25.53 = 32.8%

Veneers The use of veneers has been growing steadily for many years and there is a steady increase in the proportion of furniture using veneers of all kinds. The principal kinds of native woods used for veneers are Birch and Maple and, in minor quantities, Walnut, Elm and other woods. During the last fifteen years there has been a very noticeable increase in the varieties of veneers used. Everywhere furniture manufacturers in Europe and America have searched the world for woods from which can be obtained veneers of beautiful figure, colour, etc., and of necessity the furniture industry in Canada,

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in servicing the demands of the Canadian consumer, has been obliged to develop finished products using these veneers. The following is a list of principal veneers used at present:

Imported Veneers

Aboudikrou	West Coast Africa
Allacede	East India
Almon	East India
Almon, 1/20" Sliced	East India
Amboyna-Burls	South India
Ash, Domestic	United States
Ash, Stumpwood	United States
Ash, Burls	United States
Ash, Swirls	United States
Ash, Hungarian	Hungary
Ash, Olive	Europe
Ash, Olive Burls	Europe
Aspen	United States
Aspen, Crotches	United States
Avodire	Ivory Coast Africa
Avodire, Crotches	Ivory Coast Africa
Ayous	West Africa
Beech, European	Europe
Bella-Rosa	East India
Bilinga	West Africa
Birch, Domestic	United States
Birch, Finnish	Finland
Blackwood	Australia
Bosse	Gold Coast Africa
Boxwood, 1/20" Sawn	Australia
Bubinga	Western Africa
Bulletwood, 1/20" Sawn	South America
Butternut	United States
Canaletta	
Calantes	East Indiana
Cherry, African	Africa
Cherry, Domestic	United States
Cherry, Crotches	United States
Cherry, Burls	United States
Cocobola	Central America
Dao	
Ebony, Macassar, 1/20"	East India
Ebony, Macassar, 1/28"	Archipelago
Elm, Burls	England, France, Germany
Elm, Burls, P. & M.	
Framerie	West Africa
Greywood	England
Goncalo Alves	Central & So. America
Harewood	England
Holly, 1/20"	United States

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Imported Veneers (Continued)

Imbuya	Brazil
Iroko	Africa
Kambala	West Africa
Kingwood, 1/24" Sawn	Brazil
Koa	Hawiian Islands
Koa, Stumpwood	Hawaii
Koko	Andaman Isl.
Laurack	Orient
Laurel, East India	West Africa
Lemonwood	Brazil
Lovea	West Africa
Lovea, Crotches	West Africa
Madrone, Burls	Oregon
Magnolia	United States
Mahogany, Africa, Crotches and Swirls	Africa
Mahogany, African, Drawer Bottom	Africa
Mahogany, African, Striped and Figured	Africa
Mahogany, African, 1/20"	Africa
Mahogany, African, 1/8"	Africa
Mahogany, Cuban	Cuba
Mahogany, Cuban, Crotches	Cuba
Mahogany, Santo Domingo, Crotches	Central America
Mahogany, Santo Domingo	Central America
Mahogany, Philippine, Red, 1/28	Philippines
Mahogany, Philippine, " 1/20	Philippines
Maidhu, Burls	Indo China
Makore	Africa
Mansonia	West Coast Africa
Maple	United States
Maple, Quilted	United States
Maple, Quilted, Overlays	United States
Maple, Birdseye	United States
Maple, Blistered	United States
Maple, Quartered	United States
Maple, Stumpwood	United States
Maple, Crotches	United States
Maple, Burls	United States
Maple, Australian Stumpwood	Australia
Moringue	Africa
Myrtle, Burls	United States
Myrtle, Crotches	United States
Myrtle, Overlays	United States
Narra	Orient
Oak, White, Domestic, 1/24" Sliced	United States
Oak, White, Domestic, Quartered 1/24" Sliced	United States

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Imported Veneers (Continued)

Oak, White, Domestic, 1/20" Sawn	United States
Oak, English, 1/28" Sliced	Britain
Oak, English, 1/24" Sawn	Britain
Oak, English, 1/20" Sawn	Britain
Oak, English, 1/16" Sawn	Britain
Oak, English, 1/8" Sawn	Britain
Oak, German, 1/28" Sliced	Germany
Oak, Russian, 1/28" Sliced	Russia
Oak, Silky (Lacewood), 1/28"	Australia
Olive, Burls	Italy
Oriental, Sliced	Australia
Oriental, Sawn 1/8"	Australia
Oro	Orient
Padouk, Burls	East India
Padouk, African	W. Coast Africa
Padouk, Andaman	Orient
Padouk, Burma	India
Padouk, Burma, 1/20" Sawn	India
Paldao	Orient
Palo Blanco	Central Germany
Pearwood	United States
Pearwood, Sawn, 1/16"	United States
Peroba	Brazil
Poplar, Burls	United States
Prima Vera	Central America
Purpleheart	So. America
Rosewood, Brazilian	Brazil
Rosewood, Brazilian, Crotch	Brazil
Rosewood, Brazilian, Overlays	Brazil
Rosewood, East Indian	East India
Rosewood, East Indian Crotch, 1/20"	East India
Rosewood, French	France
Redwood, Burls	California
Sabicu	Cuba
Sapeli	West Africa
Satine Rubane, 1/20" Sawn	
Satinbox	Australia
Satinwood	E. India
Satinwood, Crotches	
Sycamore, Quartered, 1/20"	United States
Sycamore, Crotches, 1/28"	United States
Sycamore, Swirls, 1/28"	United States
Tamo	Japan
Tabasara	So. America
Teak	E. India
Thuya Burls	N. Coast Africa
Tigerwood	Africa
Tulipwood	Brazil

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Imported Veneers (Continued)

Walnut, Circassian	United States
Walnut, Circassian, Stumpwood	United States
Walnut, Circassian, Crotches	United States
Walnut, Circassian, Burls	United States
Walnut, Circassian, Patched	United States
Walnut, English	England
Walnut, English, Stumpwood	England
Walnut, English, Crotches	England
Walnut, French	France
Walnut, French, Stumpwood	France
Walnut, French, Burls	France
Walnut, French, Crotches	France
Walnut, Turkish	Turkey
Walnut, Turkish, Stumpwood	Turkey
Walnut, Turkish, Crotches	Turkey
Yoma	Burma
Zebrano	W. Coast Africa

The duties paid by the Industry on imports of Veneer are as follows:

Rosewood - Mahogany	10%
Australian Veneers	12½%
Other Woods	20%

Of the total amount of veneers used in the Industry, a considerable portion is sold to the factories by Canadian jobbers on a duty-paid basis, so that any figures showing amount of duty paid on Veneers by the factories do not present a true picture. Some of the factories buy their built-up stock from plywood factories, the cost of the duty on the Veneers used being included in the price of the stock.

From specimen costs, we find that freight, duty, excise and exchange charges add approximately 30% to the cost of Veneers --

Cost No.	Article	Veneer Cost	U.S. Cost
7	Dresser	2.25	1.77
7	Vanity	1.47	1.14
7	Bed	1.50	1.15
7	Chest	2.16	1.68
5	Dresser	1.40	1.06
1	Buffet	2.02	1.44
		10.80	8.24 = 31%

The consumption of Veneers, in addition to those in bought built-up stock, is approximately 8.2% of the total Materials.

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Glue: The rate of duty on animal glue is 25%. The bulk of glue used is produced in Canada.

On vegetable glue used in veneering the rate of duty is 35%. The average price in the United States is .05 per lb., and our cost is averaged at 7¼¢. This cost gives us a price of 33¢ per 100 sq. feet of glue line, or $1.32 per 100 sq. ft. of 5 ply stock as against 91¢ in the United States. On this basis, our cost for veneering glue compares with the United States cost --

		Canadian Cost	U.S. Cost
Buffet	37 sq.ft. 5 ply @ 1.32 -	.49 @ .91 -	.34
	93 sq.ft. 3 ply @ .66 -	.07 @ .46 -	.04
		.56	.38
		= 47%	

Hardware: The Industry consumes a substantial portion of the production of the metal industry, -- iron and steel, brass, copper, etc.

The principal metal articles used in the construction of furniture are -

Screws — Nails
Brads — Pulls
Castors — Butts & Hinges
Bolts, etc.

The rates of duty on imported hardware vary from 25% to 37½%.

The following is a partial list, showing the price paid in the United States and the price for the same article paid by a Canadian factory:

Article	U.S. Price	Canadian Price	% Increase
Screws 1 #8 F.H.	.151	.196	29.8
" 1 #10	.17	.213	25.3
" 1¼ #10	.224	.246	10.
3-Oz. Tacks	per 100-lb. 7.58	9.00	18.7
Glides	6.11	8.00	31.
Pulls (Cost No.2.)	doz. 1.25	1.93	54.
Pulls (Cost No.5.)	.45	.67	49.
Knobs (Cost No.5.)	.30	.43	43.
Pull	.95	1.35	42.
"	.60	.85	42.
"	.50	.75	50.
"	1.15	1.10	
"	.95	.90	
Chair Fixtures	1.41	ea. 1.98	41.

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Cost Exhibits show difference in hardware costs --

Cost No.	U.S. Cost	Canadian Cost
2	1.19	1.69
5	.38	.50
7	2.68	3.76
	4.25	5.95 = 38%

FINISHING MATERIALS

This group uses approximately 11 % of the total Materials. The principal materials are --

Stains	Benzine
Fillers	Turpentine
Oils	Varnish
Shellac	Lacquer
Methylated Spirits	Enamels, etc.

The duty on these Materials is:-

Dry colours	20%
Colours ground in spirits	$1.25 per gal.
Liquid Fillers	27½%
Fillers n.o.p.	20%
Shellac	15%
Varnish & Lacquer	$1.25 per gal.

Comparative costs of these materials in the United States are difficult to get. Those obtained show:

	U.S.Price	Imp.Gal. Equivalent	Can.Price	Increase
Sealer	1.40	1.68	2.00	19%
Thinner	.85	1.02	1.45	20%
Lacquer	1.55	1.86	2.05	10%

As there are numerous qualities of this material, the above is not an actual comparison but we estimate that there is at least an increase of 10% in the total cost of the finishing materials used in the industry.

There are certain materials which are classified by the Department of National Revenue as Solvents, and on these we pay 6% sales tax, thereby increasing our costs. These are materials added to lacquers, etc., at the time of use for the purpose of applying a coat of proper consistency.

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Glass and Mirrors This material is about 5½% of the total Material cost.

The costs submitted show:

Cost No.	Can. Price	U.S. Price
6	2.67	2.15
8	3.92	2.90
5	3.84	2.58
7	2.99	2.40
7	3.20	2.58
	16.62	12.61 = 31%

The range of sizes of Mirrors with proportions used in the Industry is as follows:

Size	Proportion	U.S. Price		Canadian Price	
A	54	.67	36.18	.63	34.02
B	270	1.30	351.00	1.38	372.60
C	540	2.00	1080.00	2.49	1344.60
D	109	2.90	316.10	3.86	420.74
E	27	3.85	103.95	6.01	162.27
	1000		1887.23		2334.23 = 24%

The rate of duty on plate glass is 25%.

UPHOLSTERING MATERIALS

The principal material of this group is Covering, and we submit a list of the various classifications with rates of duty under each tariff:

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March 6th, 1936.

DUTY RATES ON PRINCIPAL TEXTILE PRODUCTS
USED BY THE FURNITURE INDUSTRY

No Excise Tax on Goods from Great Britain.

Item		Net British Preferential	Treaty Rates
523b	Woven cloth wholly of cotton, printed, dyed or colored.	20¼% & 1.8¢ per lb.	27½% & 3½¢ per lb.
523e	Cut pile fabrics wholly of cotton.	15%	27½% & 3½¢ per lb.
532	Artificial leather	22½% & 1.8¢ per lb.	30% & 3½¢ per lb.
540a	Linen cloth	Free	30% & 3½¢ per lb.
541	Fabrics wholly of jute not bleached or colored	Free	5%
541a	Fabrics wholly of jute, n.o.p.	Free	22½%
541b	Woven or braided fabrics wholly of jute, not exceeding 12 inches in width.	15%	22½%
542	Cut pile fabrics wholly or in part of vegetable fibres, not containing silk, art. silk or wool.	18%	24¾% net.
549b	Hair curled or dyed, n.o.p.	12½%	17½%
549c	Hair cloth, horse hair in combination with any vegetable fibre.	18%	27½%
552	Felt pressed.	13.5% & 6.75¢ per lb.	22½% & 17½¢ per lb.
554b	Wool fabrics	24¾% & 15.3¢ per lb.	35% & 30¢ per lb.
560a	Cloths wholly or in part of silk, not to contain wool.	24¾%	36% & 10¢per yd. net
560d	Cut pile fabrics, not containing wool, with silk or art. silk pile	15¾%	29¼%
561	Cloths wholly or in part of art silk, not to contain wool	24¾% & 27¢ per lb.	36% & 40¢ per lb.
565	Embroideries, lace, braids, cords, chinelle, etc.	22½%	32½%

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The general report of the Upholstering section is that coverings of domestic production can be obtained at a satisfactory price, especially that group of coverings which is required for the production suites.

Where, however, it is necessary to use materials of a special design, filling the requirements of a higher grade market, it is frequently necessary to import material from the United States, and in this case the rates of duty add up to 70% to 80% to the cost in the United States. Here we have the absurdity of an extra cost being imposed upon a manufacturer through the imposition of duty amounting to 70%, and this manufacturer has to compete with furniture of which this same material may be the chief component part, but, as furniture, it enters into his market at a rate of duty of only 27%.

FACTORY EXPENSES

Under this classification are grouped the following costs:-

Indirect Labour -- all labour not directly engaged in the production of furniture.
Factory Management or Supervision
Factory Office Materials
Trucking or Stable Account
Sandpaper
Fuel
Power & Light
Operating Supplies
Factory Expenses
Taxes
Insurance
Maintenance of Plant
Repairs to Buildings
Depreciation

The large Material items are Fuel, Power and Light and Sandpaper, Operating Supplies and Maintenance.

Fuel A great deal of Bituminous Coal is used in the factories for the production of power, steam for manufacturing and for heating.

The bulk of this coal is imported from the Bituminous Coal area in the United States. On a carload of Slack Coal from the Kentucky field the freight to the border is $2.75 per ton. Freight from Detroit to Hanover is $1.70 per ton.

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Fuel -- Continued We pay 75¢ for duty and 7¢ excise tax, making total freight, duty and excise charges $5.27 per ton, or total cost of $6.27 on Coal at 1.00 at mine. This coal can be delivered at Virginia factories at an average cost of $3.15 per ton, based on coal $1 per ton at the mine. The extra amount paid by us for freight and duty is $3.12.

The following table shows the number of tons imported by the industry each year from 1930 to 1934 -- the extra freight and duty paid on an average extra cost of $3.12:

(From Report on Industry - Dom. Bureau of Statistics)

Year	Tons Imported	Excess Freight, Duty, etc.
1930	40526	126,441.12
1931	41456	129,342.72
1932	32991	102,931.92
1933	26450	82,524.00
1934	25402	79,254.24

In addition to the production of power, sufficient coal must be consumed to take care of the severe winter conditions. One record shows that in 1935 the consumption of coal during the summer period, April to September, was 1374 tons, whereas the winter period from October to March showed a consumption of 1906 tons, an extra consumption for the winter months of 732 tons at a cost of $6.50 a ton, totalling $4,758.00, almost 35% increase over summer consumption.

These severe climatic conditions do not exist in the Southern States, and long spells of sub-zero weather, of which the present winter has been a notable example, do not exist there; so that their Operating Statements are entirely free of these heavy extra costs of fuel consumption.

Sandpaper: A considerable amount of abrasive paper and cloth is used in the Industry, and the following is a table of Rates of Duty with comparisons of United States and Canadian Costs.

000	Finishing Paper	22.50	ream	66%	7.65	6.84
2 x 24	Garnet Paper	38.20	"	43%	21.77	11.31
2 x 6	" "	10.55	"	43%	6.01	4.48
0 x 28	Garnet Cloth	61.60	"	38%	38.19	38.00

Operating Supplies are the many various articles required to operate the factory, such as oils and greases, tapes, files, brooms and brushes, wipers, dusters, etc. Every material of this group is a material which is necessary to operate but is not an actual part of the finished article.

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Maintenance These items consist of bits, knives, belting chisels, drills, machine tools, machine materials for repairs, pulleys and all plant repair and replacement items.

Depreciation This is a charge which has not been universally taken care of, particularly in late years. The average amount written off is about 2% of the value of the plant, machinery and equipment.

The total expenses of the factory are spread over the product in proportion to the direct labour expended and each job bears its proportion.

SELLING AND ADMINISTRATION EXPENSES

This section takes care of --

Office Supplies
Advertising
Catalogues, Engravings and Photos
Travelling Expenses
Salesmen's Salaries & Commission
Cash Discount allowed
Postage
Freight allowed on Sales
Designs and Samples
Bad Debts and Collections
Interest (ordinary Bank)
Gifts & Donations
Legal Expenses
Salaries

On Sales of $76,000. tabulated, the Sales and Administration Expenses show a total of 14½%.

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STATEMENT OF OPERATING COSTS AND EXPENSES

Per $100 of Sales

	Average 10 years		1933		1934	
	Canada	U.S.	Canada	U.S.	Canada	U.S.
Materials	42.5	42.6	43.1	41.49	45.	43.10
Labour	22.9	21.8	22.6	20.51	22.5	22.17
Factory Overhead	17.4	20.2	22.2	21.24	20.2	20.84
Selling & Admins.	14.3	18.7	18.7	20.8	16.	19.86
Stock	1.3	103.3	4.2		.8	
Profit	1.6		110.8	104.04	104.5	105.97
Loss		3.3	10.8	4.04	4.5	5.97

CUMULATIVE EFFECT OF INCREASED COSTS

Specimen Cost No.7 relates to the reproduction of a Bed Room Suite, the price of which in the United States was $54.

The Canadian Costs of this suite are submitted and comparison made with Costs in the United States, so far as materials are concerned.

These comparisons are:

Materials	Canadian Cost	U.S. Cost
Lumber	8.19	5.89
Veneers	7.38	5.74
Glue	1.46	1.13
Hardware	3.76	2.68
Mirror	8.58	6.60
Finishing	2.22	2.00
Packing	2.55	2.40
Total Materials	34.14	26.44

This is an increase of $7.70 on direct materials alone and is equal to 14.3% of the United States selling price.

We have no authentic figures regarding the rates of Wages in the United States. A recent statement of a United States manufacturer was that his average Wage Scale is about the same as ours. Since the abandonment of the N.R.A. there

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Cumulative Effect of Increased Costs -- Continued

has been a loosening of any control over wages, and it is commonly reported that in the Southern districts the wage rate has slipped back from the minimum of 30¢ which existed under the N.R.A.

Our increased cost of Fuel, Sand Paper, Tools, and Equipment, will add, we estimate, at least another 5% and the increased costs of selling, on account of the fact that practically each Canadian factory sells over the whole of the Dominion whereas the product of so many United States factories can be disposed of in a smaller area, will probably add another 2 or 3%.

Because of the necessity for a large variety of designs and the smaller market in the Dominion, the unit labor cost of processing is greater than in the United States even under the same wage schedule.

The restriction of hours in Ontario under the Industrial Standards Act has caused an increase in the rate of overhead because the heavier overhead charges, a large percentage of which is labor, must be spread over the lesser amount of output obtained during the shorter period imposed upon us.

The total effect of these increased costs, calculable and incalculable, is ample and sufficient justification for our stand in requesting a net rate of 40%.

The quantity made in one lot in a Canadian factory will average about one-tenth to one-eighth of the quantity made in the U.S. factory and the difference in cost on this account will amount to about 8%, -- all costs of designing, samples, patterns, jigs, set-ups, etc., having to be spread over the smaller quantity, and these factors are frequently the reason for the higher prices of materials bought in Canada.

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IMPORTATIONS OF FURNITURE

	Total Imports	United States	%
1926	1,291,183	941,914	73
1927	1,957,739	1,476,208	75
1928	2,271,777	1,656,660	73
1929	3,228,217	2,298,240	71
1930	4,157,460	3,171,620	76
1931	2,526,139	1,896,028	75
1932	1,006,876	698,863	70
1933	387,914	235,057	61
1934	435,482	272,303	62
1935	487,969	299,924	62
	17,750,756	12,946,817	73

When the rate of duty was originally placed at 30%, the Furniture Manufacturing Industry in Canada almost exclusively used native woods, and with the exception of a certain quantity of Mirrors imported from within the Empire, practically no imported supplies were necessary to meet the existing demands of the public at that time.

As the Industry progressed and higher grades of furniture were demanded, it became necessary to import much of the lumber, fine cabinet veneer, special hardware and finishing materials from the United States and other countries.

The rate of duty on importations of furniture up to 1930 was 30% and the importations were principally from the United States, which in some years were 75% of the total.

Physical manufacturing conditions in the United States are practically similar to those prevailing in Canada. The styles of furniture in that country are practically the same as in Canada, and the requirements of the consumer in each country are very similar. There are no physical disadvantages in shipping furniture from the United States to Canada such as exist with furniture made in European countries and imported here. During the past ten years there has been a considerable development in furniture manufacturing in the Southern States. Some of the largest factories are now located in that region and the reasons for their locating there are proximity to raw materials, cheaper labour market and milder climatic conditions.

During the years from 1926 to 1930, as will be seen from the above Table of Imports, there were very large importations of furniture, particularly from the Southern States. So severe was this competition that the Government of that day mado a special investigation concerning these importations, and as a result of same, placed valuation regulations against entries from four Southern States, which were equivalent to an increase to 42%. In 1930 the general

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rate was raised to 45%. Since that date there has been a considerable decrease from the total importations, although the importations from the United States bear by far the greatest proportion.

In the past a very large proportion of imports from the Southern States consisted of that quantity of particular suites which manufacturers had decided to discontinue, and to the price of which there is generally applied a special discount ranging from 10% to 25% and in some cases 40%; and we contend that no one factor had greater weight in lowering the conditions of our industry than the low price level imposed through importations from the United States, particularly in 1929, 1930 and 1931.

In active periods, their domestic requirements eliminate the desire to export furniture, but when demand drops and stocks are large, Canada is looked upon as a convenient dumping ground. The possibility exists that we are now at the beginning of another active period of uncertain duration, and this will inevitably be followed by another decline, against the disastrous effects of which provision must now be made.

FREIGHT RATES ON FURNITURE

Freight rates from Canadian factory points are as follows:

To	From Stratford	From Hanover	From Owen Sound	From Victoriaville
Halifax	84½	88	90	65
Quebec	72	77½	79	32
Montreal	61½	65	68	34½
Toronto	34½	36½	36	61½
Windsor	41½	45½	47	77½
Winnipeg	1.38½	1.38½	1.38½	1.46½
Calgary	2.33½	2.33½	2.33½	2.41½
Vancouver	2.28½	2.28	2.28	2.37

Vancouver rates are on 17,000 lbs. minimum, others 14,000 lbs.

Freight rates from U.S. points, of course, show great variations but as all our comparisons have been based on Southern costs, it is from this district we calculate freight rates on the finished product.

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Freight Rates on Furniture -- Continued

Memphis, Tenn, to Cairo, Ill.	.48	min. 15000 lbs.
Cairo to Toronto	1.11½	min. 12000 lbs.
	1.59½	

An average dining suite contains about 260 feet of imported lumber and weighs 600 lbs.

An average bedroom suite contains about 120 feet of imported lumber and weighs 535 lbs.

The average cost of delivering goods to Western points is --

Winnipeg	10 to 13%	of selling value
Regina	12 to 16%	" " "
Calgary	18 to 21%	" " "
Vancouver	20 to 28%	" " "

MANUFACTURING CONDITIONS IN THE UNITED STATES

Production of furniture in the States has been unprofitable for many years as is shown by the following Table compiled by accountants for that Industry there:

1928 - 3.42% profit on sales
1929 - 1.06% profit on sales
1930 - 3.00% loss on sales
1931 - 10.93% loss on sales
1932 - 23.26% loss on sales
1933 - 4.21% loss on sales
1934 - 6.90% loss on sales

A report from the Southern Manufacturers Association gives the following history of profits on sales:

1928 - 5.98% profit on sales
1929 - 6.23% profit on sales
1930 - 2.5% profit on sales
1931 - 1.78% profit on sales
1932 - 7.47% loss on sales
1933 - 4.76% profit on sales
1934 - .45% loss on sales

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Manufacturing Conditions in the United States - Continued

In the Accountants' review for 1934, it is stated that the operating losses during the past five years have been so heavy as to more than wipe out the Operating Profits of the previous five years, with the result that for the last ten years as a whole the Industry has operated at a loss of $1.63 for every $100.00 of furniture shipped, and that since 1929 the loss on capital investment has been as follows:-

1930 - 3.6%
1931 - 9.33%
1932 - 15.37%
1933 - 3.32%
1934 - 5.87%

In the light of these facts it is quite evident that the sale of discontinued goods at heavy discounts has involved severe losses and it is the sale of these goods which is largely instrumental in creating unhealthy and injurious competition to the Canadian manufacturer.

Although these discontinued goods are offered to the retailer in the United States, they are made more attractive to the Canadian retailer, not only by reason of the heavy discounts on the existing low prices, but by the fact that to him these goods are new so far as his trade is concerned.

While there is a similarity in consumer demand, there is a lag of from six to twelve months between the United States market and the Canadian market. In recent years the life of the design has been comparatively short and the offering of discontinued patterns by the United States manufacturer at the time which coincides with the offering by the Canadian manufacturer to his market, proves in many cases disastrous.

BALANCE SHEETS AND OPERATING STATEMENTS

We append Consolidated Balance Sheet from a group of 21 factories for the years 1926 to 1935, and we particularly draw attention to the fact that the Surplus or Reserve Account shrank from $3,041,300 in 1929 to $966,100 in 1934.

(Consolidated Balance Sheet of 22 Factories)
Following page -- No.27)

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CONSOLIDATED BALANCE SHEET OF 22 FACTORIES

	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935
Cash	1949	2132	2620	1697	1913	2663	1587	1677	1081	1333
Accounts Receivable	15758	17262	15903	16573	13178	11160	7977	8460	8120	6289
Inventories	29754	29488	30990	35662	34701	29151	21960	20291	20088	16423
Other Current	558	779	1315	1088	724	442	736	797	1042	948
	48019	49661	50828	55020	50516	43416	32260	31225	30331	24993
Fixed Assets	30853	31385	31939	33464	32975	32504	32786	32287	31390	29653
Other Assets	8761	8762	11259	14946	15452	16936	17324	16500	16262	13116
	87633	89808	94026	103430	98943	92856	82370	80012	77983	67762
Bank	6437	5964	6122	7538	7816	7022	5535	6581	6380	4269
Accounts Payable	6019	5351	5872	6274	4714	3900	2476	3299	3634	3431
Other Current	1801	2091	1966	2154	1629	1522	1213	1402	1535	798
	14257	13406	13960	15966	14159	12444	9224	11282	11549	8498
Other Liabilities	4907	5038	5535	5388	4928	5007	3913	4008	4003	3788
Mortgages	1188	1083	1550	1483	1358	1390	1393	1443	1152	691
Bonds	838	1400	1345	1268	1592	1392	1222	53	--	227
Preferred	5654	4436	4036	4036	8435	8400	8366	12113	12113	12173
Common	40280	41194	41482	44876	40180	40565	32120	42504	42505	39376
Surplus	20509	23251	26118	30413	28291	23658	16132	8609	6661	3009
	87633	89808	94026	103430	98943	92856	82370	80012	77983	67762

N.B. - Three reports short in 1935.

124863

124864

Balance Sheets and Operating Statements (Continued)

The following is a summary of a Consolidated Trading Statement from a representative group of factories covering the past 10 years, showing Costs, Sales and Yield.

Year	Number of Firms	Total Cost	Sales	Profit	Loss	% on Sales
1926	24	8,490,055.	9,008,964.	518,908.		5.7
1927	25	9,277,877.	9,859,903.	582,026.		5.9
1928	25	10,149,524.	10,902,959.	753,434.		6.9
1929	25	10,472,832.	11,388,248	915,415.		8.
1930	26	9,057,513.	9,244,203.	186,690.		2.
1931	26	7,887,406.	7,546,112.		341,294.	4.5
1932	25	5,173,939.	4,569,299.		604,639.	13.2
1933	26	4,509,816.	4,069,759.		440,056.	10.8
1934	26	5,221,312.	4,994,301.		227,010.	4.5
1935	22	4,489,692.	4,355,295.		134,396.	3.1
		74,729,970.	75,939,047.	1,209,078.		1.59

These losses were not sustained by any particular group or section of the industry but by practically every factory in the industry. During the years 1932 and 1933 every factory, without exception, reported a loss on Operations, and in a number of cases depreciation had not been taken care of.

Even in the best years the return was very moderate, indicating the effect of the internal competition, and the losses since 1931 have been quite general throughout the industry.

This record deals only with those who have survived the shocks of the past five years. The following is a list of firms who, through bankruptcy or withdrawal, have ceased operations:-

Oxford Furniture Co. Ltd.	Oxford	Nova Scotia
W. J. Armstrong Ltd.	Guelph	Ontario
Art Furniture Limited	Kitchener	Ontario
Avon Chests Company	Stratford	Ontario
Jas. Baird Bros.	Plattsville	Ontario
Bell Furniture Company Ltd.	Southampton	Ontario
Geo. E. Bilton, 1 Howard St.	Toronto	Ontario
Blackmore, Hamilton Furn. Co. Ltd.	Listowel	Ontario
Canada Furniture Mfrs. Ltd.	Woodstock	Ontario
Gem Crib & Cradle Ltd.	Kitchener	Ontario
Hamel Furn. & Upholstering Co.	Mildmay	Ontario
Hepworth Mfg. Co. Ltd.	Hepworth	Ontario
Jacques Furniture Co. Ltd.	Kitchener	Ontario
Lippert Furniture Co. Ltd.	Kitchener	Ontario

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Balance Sheets & Operating Statements - Continued

Malcolm & Hill Limited	Kitchener	Ontario
McGill Chairs Ltd.	Cornwall	Ontario
Meade's Upholstering Co. Ltd.	Hanover	Ontario
Morlock Bros. Ltd.	Hanover	Ontario
New Hamburg Furniture Co.	New Hamburg	Ontario
North American Furniture Co.	Owen Sound	Ontario
J. Oliver & Sons Ltd.	Ottawa	Ontario
Orillia Furniture Company	Orillia	Ontario
Owen Sound Chair Co. Ltd	Owen Sound	Ontario
Queen City Furniture Co. Ltd	Toronto	Ontario
Reliable Mfg. Co. Ltd.	Toronto	Ontario
Ruddy Mfg. Co. Ltd.	Brantford	Ontario
Stratford Mfg. Co. Ltd.	Stratford	Ontario
Milverton Furn. Mfrs. Ltd.	Milverton	Ontario
E. O. Weber Limited	Waterloo	Ontario
St. Lawrence Furniture Company	Riviere du Loup, Quebec	

DISTRIBUTION

The majority of furniture factories sell their products from Halifax to Vancouver through legitimate retail furniture dealers, who carry stocks of furniture. The various districts are attended to by salesmen, some of whom work on a straight salary and others on a commission basis.

PRICING POLICY

The method used in most factories to arrive at the desired selling price is to use the Cost Figures relating to each article. This Cost takes care of Material, Labor, Overhead, Selling and Administrative Expenses, and naturally each manufacturer aims to get a price which will cover these Costs and yield a small profit. Should market conditions, however, be against the probability of getting this adequate selling price, he is obliged to accept the best he can get.

As to Discounts: The members of the Furniture Manufacturers Association have agreed that the regular terms shall be: 2% 30 days, or Net 60 days.

There are various discounts granted according to volume of business done and the conditions governing the stock offered for sale.

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Ottawa, Ontario,
March 23, 1926.

Dear Mr. Wright:

I have your letter of 19th March together with memorandum on the subject of the duties on Furniture. Thank you very much for sending the letter down.

Personally, I am not afraid of the present Government being unfair to the interests of the Furniture producers, because the great bulk of them are Liberals and support the Government. I always thought the Furniture industry fared better under a Liberal Government than any other class engaged in manufacture. It will be interesting to watch what is done, when the Budget comes down, with the intermediate tariffs on Furniture.

Sincerely yours,

Mr. D. M. Wright,
President,
The McLagan Furniture Co. Ltd.,
Stratford, Ont.

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124867

Furniture Manufacturers' Association
Unity With Diversity
Office Phone:
Elgin 5940
204 Richmond St. West
Toronto 2
Jas. E. Ferguson
Gen. Mgr. & Secretary

May 11, 1936.

T A R I F F

Gentlemen,

In the Interim Report made by the Tariff Board to the Finance Minister, the evidence which apparently influenced the Board in refusing to recommend any change in the furniture tariff was based on quotations made by Canadian manufacturers to Canadian dealers for reproductions of certain American furniture.

I believe that this table of quotations is full of inaccuracies which are not apparent to the Tariff Board, and it is now up to us to prove such inaccuracies. In order to do so it will be necessary for me to obtain the following particulars.

1. Did you make any quotations to a Canadian dealer for the reproduction of any American furniture since January 1st last. If so please give the following information:-

(1) Name of Dealer.
(2) Description of American piece quoted on, giving number, material, construction, etc.
(3) Price of American suite at factory.
(4) Laid down cost of this piece.
(5) Your quotation.
(6) Your cost.
(7) Full description of any variations in size, material, construction or otherwise from the American piece.

If you have made no quotations would you kindly advise me to that effect.

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As these quotations had a preponderating effect upon the Board it is essential that we should deal with this matter with all possible speed. Would you, therefore, kindly reply to this letter as quickly as possible.

Yours very truly,

Jas E. Ferguson

JEF/DC

GENERAL MANAGER & SECRETARY.

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124869

May 12, 1936

D. M. Wright, Esq,
McLagan Furniture Co., Ltd.
Stratford, Ont.

Dear Mr. Wright:

I am sending you, as requested, copies of

1. Interim Report of the Tariff Board
2. May letter to the Tariff Board dated May 5th.
3. Mr. Sedgewick's reply dated May 6th.
4. My letter to the Tariff Board dated May 9th.
5. Resolution passed at the General Meeting
6. Circular to manufacturers regarding the quotations mentioned in the Interim Report.

This will give you the history of our tariff case to date. You will observe that all the mass of evidence presented to the Board has been as dust in the balance as compared with a very few quotations. You will observe that the American prices quoted in the Interim Report are the landing prices at Montreal. Figuring that the duty would be 27%, Excise 3% and extra freight 5%, the price of the American goods at the factory would be equivalent to about 73. The Canadian cost of one item is not available and there are three costs which indicate the need for a higher rate of duty than 27%. This leaves eight cases, the cost figures of which are less. I would point out that these so called costs are in all probability only estimated costs as there would hardly be time for these goods to be actually made. So you will see that the Tariff Board has based its whole decision on these estimated costs and I am quite positive if I had the opportunity of examining these figures, I would find that some were wrong.

I believe also that it is well to keep in mind the fact that the Interim Report does not state that goods were actually made at these prices. It only states that quotations were given. I am pursuing inquiries regarding these quotations and will endeavour to check them with the manufacturers. In my letter to the Board dated May 5th I mentioned a letter written on March 11th and I am enclosing copies of this letter, showing that the Tariff Board could not have been ignorant of the inaccuracy of their production figures.

Yours very truly,

Jas. E. Ferguson,

GENERAL MANAGER AND SECRETARY.

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Interim Report of

THE TARIFF BOARD

in

REFERENCE NO. 93 - FURNITURE

On the 23rd December, 1935, the Minister of Finance referred to the Tariff Board for inquiry and report, in accordance with the terms of the Tariff Board Act, Reference No. 93, being an application of The Furniture Manufacturers Association, 204 Richmond Street West, Toronto, Canada, for revision of the rates of Customs Duties on Furniture, as enumerated in Tariff Item 519:

House, office, cabinet or store furniture of wood, iron or other material, in parts or finished

	British Preferential	Intermediate	General
	20 percent	30 percent	45 percent
to	20 percent	45 percent	45 percent

The applicants request that the Intermediate Tariff rate applicable to this item be increased to 45 percent.

In pursuance of the Minister's reference, the Board is making the necessary inquiry and pending the securing of additional data to enable the Board to complete its investigation, the Board submits the following interim report:

PUBLIC INQUIRY

In accordance with Section 4, subsection 6, of the Tariff Board Act, the Minister's reference was made the subject of public inquiry at Ottawa on the 9th and 10th March, 1936.

REPRESENTATION: The following persons were present at the inquiry:

In Support of the Application:

Col. A. T. Thompson, K.C.,)
J. E. Ferguson,)
J. J. Spiesz,) Furniture Manufacturers
J. W. Bailey,) Association.
D. M. Wright,)

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Ainslie W. Greene, D. P. Cruickshank,	)	The Steel Equipment Company Limited.
W. A. Spear, G. L. Manning,	)	The Office Specialty Manufacturing Co. Limited.
C. G. Clatworthy,		Clatworthy & Son Limited.

In Opposition to the Application:

Martin R. Walsh,	General Fireproofing Company.
C. J. Bennett,	Toronto.

Watching the Application:

E. G. Reburn,	Canadian Manufacturers' Association.
E. J. Miller	Globe Furniture Company.

FURNITURE

The present tariff on furniture, under Tariff Item 519, is as follows:

House, office, cabinet or store furniture of wood, iron or other material, in parts or finished

British Preferential	Intermediate	General
20 percent	30 percent	45 percent

Prior to June 2, 1931, the rates applicable to this Item were:

20 percent	27½ percent	30 percent

Under the provisions of the Treaty between Canada and the United States, signed on November 15, 1935, commodities dutiable under Tariff Item 519 imported from the latter country have, from January 1, 1936, been dutiable under the Intermediate Tariff at 30 percent, from which must be deducted 10 percent of the existing rate by virtue of the most-favoured-nation provisions. It is contended by the furniture manufacturers that the protection now afforded the Canadian furniture industry from the competition of United States manufacturers - protection which with the excise duty of 3 percent on the duty-paid value of the import amounts to 30.81 percent - is quite inadequate. To the argument that this protection is slightly greater than that enjoyed for the quarter century prior to 1931, the applicants reply that conditions have greatly changed in the past thirty years. In the earlier period the furniture manufacturing industry in Canada almost exclusively used native woods, and, with the

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exception of mirrors, practically no imported supplies were necessary, whereas at the present time most of the lumber and a large quantity of the other materials used in the manufacture of furniture must be imported, principally from the United States.

The Board has considered the importations since January 1, 1936, in comparison with those of previous years in an endeavor to arrive at a correct view as to the extent of the menace, if any, of such imports to the industry. Reference to Table 1, which appears below, will show that the imports over the period 1926-1930 inclusive when the duty was thirty percent, amounted to only 6.2 percent, of the total production.

TABLE NO. 1

Year	Total Canadian Production of Furniture of Wood	Imports of Furniture of Wood	Percentage
	$	$	
1926	31,293,442	1,821,705	5.82
1927	35,733,818	2,149,867	6.02
1928	41,136,176	2,935,208	7.14
1929	44,136,176	4,136,410	9.37
1930	36,866,195	2,967,572	8.05
1931	27,135,171	1,356,994	5.00
1932	17,998,842	417,558	2.32
1933	15,016,942	414,475	2.76
1934	17,159,155	475,232	2.77
1935	Not available	493,165	

Of the imports shown above the percentage of imports from the United States, whose competition the Canadian industry fears, was only 74 percent during the years 1926-1930, so that over this period importations of furniture from the United States represented only 4.6 percent of the total Canadian production. In the period from 1932 to 1934 inclusive the imports of furniture were only 2.3 percent of the total Canadian production, and that of American furniture only 62 percent of this, or 1.4 percent of the total Canadian production.

An examination of the statistics of imports for the first three months of 1936 does not seem at the moment to justify any fear that American furniture manufacturers will capture a much greater share of the Canadian market. A reference to Table 11, which is given below, will show that imports from the United States increased by 106.37 percent but even if this increase should be continued throughout the year the total would amount to an import of American furniture equivalent to less than 3 percent of the average yearly production of the Canadian furniture industry over the period 1932-1934.

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TABLE NO. II

Imports of Furniture of Wood from the United States for the period Jan. 1 - March 31.

Month	1935	1936
January	$ 18,673	$ 33,809
February	19,990	56,707
March	33,982	59,404

Percentage of increase - 106.37%

In pursuance of this investigation a careful study was made of all the invoices of furniture imported from the United States through the five principal ports over the period from January 1 - March 18th, 1936, and the corresponding period in 1935, and a classification was made of these on the basis of household furniture (case goods), card tables, miscellaneous, novelties and specialties, metal furniture for further manufacture, antiques, radio cabinets, used furniture, office furniture and wood furniture for further manufacture. As there was no increase in the importation of office furniture, the only increase in which the applicants were interested was that in household furniture. This was 127 percent in this period, over a similar period in 1935. These statistics include all of the orders for the large retailers of the country. The attention of the Board was drawn to rumours to the effect that a representative of a United States furniture company had gone through the west and sold fifteen carloads of furniture, and that others had gone to Toronto and sold fourteen carloads. Careful investigation of the facts by circularization of retailers and personal inquiry have convinced the Board that there was no basis for these rumours.

Forward Orders

There is justification for the belief that a considerable part of the imports of household furniture in the first quarter of 1936 was of an experimental character or the result of publicity which the Treaty and its reduction of tariff had given to the possibility of new business with the United States.

Where importers during the first three months of 1936 increased their purchases from the United States over the purchases from that source in corresponding periods of the last three years, the general result as reported to the Board would indicate that from the point of view of quality and price as compared with competitive Canadian goods the purchases from the United States were disappointing. The Board received from the applicants herein a list of all distributors in Canada known to

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be importers of furniture. These were all circularized as to forward orders for United States goods. The replies received included all the large dealers and indicated forward orders of only $4,367.79 as of April 1st.

Costs

The Board obtained price data on twelve invoices of furniture, imported from the United States into Montreal and Toronto by substantial Canadian houses. The Canadian importers, as is quite customary, obtained from Canadian manufacturers quotations for reproduction of the goods covered by these invoices; and the Board obtained from those quoting the costs on which such quotations were based. The landed price at Montreal, freight and duty paid, of the goods imported was compared with the Canadian quotations plus freight to Montreal. The majority of these quotations are since January 1, 1936. Taking each American laid down cost at 100, the relation of Canadian cost and Canadian quotation is as follows:

American Price	Canadian Cost	Canadian Price
100	111.2%	77.2%
100	51.3	50.14
100	118.5	116.3
100	99.7	96.3
100	87.	85.
100	89.2	83.1
100	53.2	54.8
100	84.7	89.5
100	128.6	122.3
100	49.5	62.1
100	Not available	105.2

The Board has not been able in the time at its disposal since this reference was made to complete its investigation either into the costs of production or raw material costs of the furniture industry. The Board has not been able to find that any increase in the Intermediate Tariff rate is required, as an interim measure, pending the completion of the report.

George H. Sedgewick, Chairman

M. N. Campbell, Vice-Chairman

C. P. Hebert, Member

Ottawa, April the 29th, 1936.

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124875

Furniture Manufacturers' Association
Unity With Diversity
Office Phone:
Elgin 5940
204 Richmond St. West
Toronto 2
Jas. E. Ferguson
Gen. Mgr. & Secretary

May 5, 1936.

Copy of letter to the Tariff Board

Hon. Geo. H. Sedgewick, K.C.,
Chairman,
The Tariff Board,
OTTAWA, Canada.

Sir,- Reference No. 93

I have had the opportunity of reading the Interim Report made to the Finance Minister by the Tariff Board on above Reference.

In the statement regarding imports over the period 1926 to 1930 inclusive, it is stated that such imports amounted to only 6.2% of the total production. You will probably recollect that during the Public Hearing I made reference to the difficulty of obtaining exact figures on this matter and on March 11th wrote to you on this point, drawing attention to the fact that many articles which had been included in the record of production were shown in the imports separately from furniture and I submit that it is unfair to put the imports of furniture only against the production figures which include many other articles.

Taking the year 1929, we claim that the production figures should be as follows, as shown in Report on Furniture Industry:-

Bedroom	6,358,653
Diningroom	5,590,828
Parlour	4,776,855
Kitchen	1,542,076
Other household	2,615,144
Upholstering & Mattresses	6,615,633
Radio, etc.	2,006,350
Phonographs	161,682
Other Cabinet work	1,031,621
Frames	285,912
Cedar Chests	390,379
	31,375,133

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Against this production the imports of $4,136,410 amount to 13.18% and if the total production of $44,136,176 is to be used, then in all fairness you must add to the furniture import figures the imports of all other articles included in the production figures. This arrangement would show imports of $8,609,066 as given in my letter of March 11th. The same method should be used for other years. And let us not forget the fact that it was only by our meeting the American prices that the percentage was not a great deal higher and that the taking of this action started our disastrous decline.

In the Interim Report it is stated that the forward orders as of April 1st amounted only to $4,367.79. This would indicate that the investigations of the Tariff Board showed that the probable imports for April would be very small. The April import figures are not at present available but I am quite positive that this amount of forward orders gives no indication whatever of the actual facts. It will be very interesting to make a comparison of this amount of forward orders with the actual imports for April. I will estimate imports at eight times the orders amount of $4,367.79.

The Interim Report gives certain figures regarding Canadian prices quoted for certain American furniture reproduced in Canada, and in almost every case the price quoted is less than the Canadian cost. In the absence of complete information regarding this furniture it is impossible for me to analyze these figures, but judging from past experience I would say that some of the quotations are not for actual reproductions but for suites using the American design as a basis, i.e. there will be such changes from the original suite in materials and construction as to destroy proper comparison.

There have been more requests by retailers for quotations on reproduced American furniture this Spring than for many years. The furniture business has been so dreadfully dull that some manufacturers have quoted prices lower than cost in order to keep the factories going, and they will certainly have to keep lower than the American costs in order to secure that class of business.

I hope that your investigation will be completed soon so that the Minister of Finance may take steps to help us while we are still in a condition where help is beneficial.

Yours very truly,

JEF/C

GENERAL MANAGER & SECRETARY.

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THE TARIFF BOARD

CANADA

Ottawa,

May the 6th, 1936.

J. E. Ferguson, Esquire,
General Manager and Secretary,
Furniture Manufacturers' Association,
204, Richmond Street West,
Toronto, 2, Ontario.

Dear Mr. Ferguson:- Reference Number 93 - Furniture

I must apologize for delaying to answer your letter of May 2nd. We have been extremely busy as you may understand.

All I can say is that the Board is proceeding with its examination and proposes to have the report completed as soon as it can properly do so but I cannot promise that this will be completed while the Budget items remain undisposed of in the House. It looks now as if the Budget would not take a great deal of time to be completed either in general or in Committee of Ways and Means.

I enclose a few copies of our Interim Report. I regard the relation of Canadian quotations to Canadian costs (which we could only give in percentages) as a very important element in the whole picture and I may say frankly to you that I, at the moment, do not see any great prospect to coming to the view that the industry needs further protection as against the United States. All I can say is that one must be guided by the facts as they appear and it may be that facts will appear that may change one's opinion but you will see from the Report that as the facts present themselves at the moment we were unable to find a basis to justify the suggestion that the industry needed further protection.

Yours faithfully,

George H. Sedgewick

Chairman.

GHS:VLM.

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124878

Furniture Manufacturers' Association
Unity With Diversity
204 Richmond St. West
Toronto 2

Office Phone:
Elgin 5940

Jas. E. Ferguson
Gen. Mgr. & Secretary

May 9, 1936.

Copy of letter addressed to the Tariff Board

Geo. H. Sedgewick, K.C.,
Chairman,
The Tariff Board,
OTTAWA, Canada.

Sir,- Reference No. 93

I thank you for yours of the 6th and for the copies of the Interim Report.

Last night I met with Messrs. Campbell and Sinclair and discussed with them that portion of the Interim Report which seems to have been of a condemning nature, namely, the series of twelve quotations for reproductions of American furniture. Believing this series of quotations to be full of inaccuracies, not apparent to anyone not acquainted with the furniture manufacturing industry, I asked Mr. Campbell for details of each invoice believing that, as in the administration of justice, an accused party has the right to examine and refute evidence. Mr. Campbell stated that under the Tariff Act this information was absolutely confidential and could not be given to me. It seems strange to us that out of the great mass of evidence a few particular items, the examination of which is denied us, should have such weight as to nullify all other evidence.

I appreciate the fact that you have been extremely busy and am grateful for your assurance that you will proceed with all possible speed. From the correspondence and conversations which I had with the Board and its staff, I have come to the following

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conclusions:-

1. This Industry need not expect any action during the present Session of Parliament and that as a consequence we must labour as best we may under the present reduced tariff of 27%.

2. That we must wait the actual importations of American furniture in large volume before any steps will be commenced to relieve that situation.

As one witness expressed it at the Public Hearing, we have been "like a small boy crying before he is spanked",

"Beneath the bludgeonings of chance
Our heads are bloody."

but it appears that we will have to wait until we can present evidence of more battering from the huge axe of American production before the situation will be regarded as serious and that this new evidence must relate to a period of time of such duration as to eliminate the suggestion that it is only of an experimental nature.

As the situation exists today this Industry is compelled to face these facts and must adapt themselves accordingly. We will proceed to make such changes in our policies as will best meet the situation in our opinion, knowing that no co-operation need be expected from the Federal Government.

I have expressed to Mr. Campbell and now wish to express to you Sir, our readiness to supply you with any information which you may require and which we may be able to provide. The services of this Association will be at the disposal of the Tariff Board at all times so as to help you by any means in our power to arrive at the proper conclusions.

Yours very truly,

Jas. E. Ferguson

JEF/DC GENERAL MANAGER & SECRETARY.

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R E S O L U T I O N 124880

unanimously carried at the Annual General Meeting of the Furniture Manufacturers' Association held at Toronto, May 7th, 1936.

Whereas the interim report of the Tariff Board discusses the relation of imports of furniture to production, ignoring entirely the fact that production figures include many articles such as mattresses, bed springs, pillows, refrigerators, mouldings and picture frames, lamp shades, baby carriages, etc., which do not properly belong to the industry and against this total production figure the interim report records imports of furniture only, and

Whereas the interim report, by quoting forward orders, leads to the inference that the April imports will be of negligible proportions whereas the actual imports are probably eight to ten times that figure, and

Whereas the interim report records a few quotations on reproductions of American furniture and we are denied the examination of these figures, which are, we believe, inaccurate in respect to comparable specifications, and

Whereas there is no justification for the belief that the imports of this year are of an experimental nature. Rather these imports are justification for the belief that the opportunity to import is being seized and that these monthly figures will steadily increase, and

Whereas these imports are creating unduly low price levels as they offer comparison to the whole range of furniture made in Canada and the effect is to depress the Canadian industry

RESOLVED that

This industry protests most emphatically against this interim report, based on inaccurate and incomplete figures.

That this industry protests against the lack of action on the part of the Dominion Government to provide any measure of relief from the growing importations which, during the first quarter of 1936, increased 106% over same period of 1935.

That this industry having used the means provided by Provincial Governments in an endeavour to improve the wage level in the industry will be compelled to free its hands of any such binding agreement in order to meet the competition caused by this flood of imports.

That this industry asks that immediate action be taken during the present session of Parliament, as the passage of another year under the conditions which have existed since January, 1936, will be full of peril to the present survivors in the industry.

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124881

Ottawa 43

320 Bay Street, Toronto,
May 18, 1936.

Confidential

Dear Mr. Wright:

I have your letter of 15th with enclosures as stated. Am very glad to have the material regarding the Tariff Board's findings and the answer thereto, and will study these carefully.

Yours very truly,

Mr. David M. Wright,
President,
McLagan Furniture Co. Ltd.,
Stratford, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
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CANADA

PLEASE ADDRESS ALL COMMUNICATIONS TO THE COMPANY

124882

The McLagan Furniture Company, Limited

Built by McLagan STRATFORD CANADA

STRATFORD
CANADA

CONFIDENTIAL.

May 15, 1936

Rt. Hon. Arthur Meighen,
Leader of the Senate,
Ottawa, Ont.

Dear Mr. Meighen:

As promised when I had the privilege of an interview with you on Monday last, I am herewith enclosing a copy of the Interim Report of the Tariff Board as it pertains to the furniture industry.

I am also attaching copies of correspondence that has passed between Judge Sedgwick and the Secretary of the Furniture Association, Mr. J. E. Ferguson, with regard to the accuracy of statements set forth in the Interim Report. A perusal of the brief which we presented to the Board, a copy of which you have in your possession, will convince you of how little attention was paid to evidence that was proven and might be considered conclusive as compared with the evidence upon which the Interim report was based upon.

During the past four or five years when there has not been enough business to keep plants running, I am free to admit that it is quite easy to receive quotations on quantities of any particular line of furniture at prices that would range from 20% to 30% less than full cost. This has been frequently done in order to give the staff some work.

Then too, the large dealers frequently pick a high grade suite from some American line and ask Canadian manufacturers to quote on quantities, advising that the woods, veneers and parts of the work can be of much cheaper grade, and this makes it possible for a much lower price to be quoted, hence the quotations mentioned in Judge Sedgwick's letter and upon which the Interim Report was based, would scarcely be considered evidence at all by those familiar with the method of dealing with this type of business.

It might be stated further that about the only people that benefit by this reduction in tariff is a few large dealers and the department stores, who can buy in quantities at greatly reduced

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Rt. Hon. Arthur Meighen,
Leader of the Senate,
Ottawa, Ont.

prices, and having exclusive control of the designs, can market them at prices that will contribute very large profits but this is of no advantage to the Canadian consumer.

Hoping that the enclosed report and copy of letters may be of interest to you, I remain

Yours very truly,

PRESIDENT.

DMW:H

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124884

43

Ottawa,
May 19, 1926.

Dear Mr. Proctor:

I have just received your letter of 18th, and have already been in touch with the Deputy Collector of the U. S. Customs. He states that there is no way in which arrangements can be made to have wedding presents entered free. A wife and husband are each allowed to take in $100.00 worth of goods free of duty, and no more.

I am indeed sorry that I cannot be of assistance to you.

Yours sincerely,

Arthur Meighen.

Mr. A. H. C. Proctor,
Westminster Realty Co. Ltd.,
240 Jarvis Street,
Toronto, Ont.

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Westminster Realty Company Limited
240 JARVIS STREET
TORONTO - CANADA

A. H. C. PROCTOR
PRESIDENT

T. J. HORROCKS
TREASURER

TELEPHONE
ADELAIDE 9081

124885

May 18, 1936

The Rt.-Hon. Arthur Meighen
The Senate
Ottawa, Ontario

Dear Mr. Meighen:

My daughter, Sheila, is being married on June 1st and is going to live in the United States. She tells me she is having some difficulty with the United States Customs here about allowing her wedding presents to enter the United States free of duty. Do you think you could put me in touch with someone in Ottawa who would likely know the proper authorities in Washington in order that I may take up this matter with them?

I am reluctant to ask you to do this, but some years ago you put me in touch with Dr. O.D. Skelton in regard to a matter that I took up with Washington and it was brought to a very successful conclusion.

Yours very sincerely,

AHCP/B

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124886

NATIONAL DAIRY COUNCIL OF CANADA

February 27th, 1937.

Journal Building,
Ottawa, Ont.

Honourable and Dear Sir:

Regarding United Application no. 99 to the Minister of Finance and referred to the Tariff Board, there has been propaganda by the refiners of vegetable oils which has gone so far as to indicate to the bakers of Canada that the price of their shortening would be raised by at least 4¢ per pound if effect were given to this Application.

Please note carefully the attached invoices, three from the United States and two from Canada. You will note that the price of shortening is practically the same in the United States as it is in Canada. You will also note that vegetable oils pay processing tax and excise duty or a real duty on entering the United States of 4½¢ per pound. One refinery (The Best Foods Inc.) offers to return this 4½¢ per pound against their invoice price of 11¾¢ provided the tax is proven to be unconstitutional. This would mean that the shortening to the United States bakers would cost 7¼¢, whereas it sells today in Canada from 11¢ to 13¢ per pound.

The bakers in the United States are, apparently, not penalized even though the tariff there is 4½¢, and the contention that the Canadian bakers would be penalized if our application for a net 3¾¢ tariff is imposed, does not appear sound.

These observations are interesting when it is remembered that importations of vegetable oils have increased 100,000,000 pounds in four years while our butter production alone is reaching the point where we have recurring surpluses for export.

THE TRAFFIC IN THIS COMMODITY IS MENACING TO CANADIAN AGRICULTURE.

Yours very truly,

THE NATIONAL DAIRY COUNCIL OF CANADA

THE ANIMAL OIL AND FAT PRODUCERS OF CANADA.

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CANADA

124887

COPY OF AMERICAN INVOICE

THE BEST FOODS,INC.

2816 S. Kilbourn Ave.,
CHICAGO, Illinois.

SOLD WARD BAKING CO.
TO 367 Southern Blvd.,
NEW YORK NY

We the undersigned, do hereby guarantee that the articles listed herein are not adulterated or misbranded in the original unbroken package within the meaning of the Federal and all State Food and Drug Acts.
Sgd. THE BEST FOODS,Inc.

Inv. No 695 Date 1/28/37

OUR ORDER # 7582

Terms 1-10-30

Customers No. 345259

Contract A/C

Div. 1

SHIPPED TO SAME 4th AV & ND.
13th St. Ampre N.J.

FROM BAYONNE

Frt. Terms PPD

VIA MILLER FWD

Packing	Lot No. or Marks	Code	COMMODITY	Net Quantity	Price	Amount
27 Ret. Drums	9-L25 18-L28	445	Compound #1	10910	.11¾	1281.93

Invoice No. .....
Goods Rec'd.....
Order No.....
Checked By.....
Bill Rec'd.....
Charge.....
Approved.....

PLEASE SEND REMITTANCE TO BAYONNE ADDRESS.

Form B 469-8-36 Printed in U.S.A.

This invoice includes processing tax as levied under Section 602½ of the Revenue Act of 1934. Should this tax be held invalid and unconstitutional and should it be recovered by or refunded to us by the United States of America or any Collector of Internal Revenue, we agree to return such tax to you less a proportionate amount of expense that may be necessary in connection with the collection of such tax from the Government, upon your agreement to repay same to the Government or anyone else legally entitled thereto.
THE BEST FOODS,INC.

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124888

COPIES OF TWO AMERICAN INVOICES.

(1) WESSON OIL & SNOWDRIFT SALES CO.
1464 West 37th Street
Chicago, Ill. Jan.26 1937

Sold to:
Ward Baking Co.,
57th & Lasalle Sts.
Chicago, Ill.

Invoice no.3425
B.L.No.

Your no. 343777
CT.3780

Terms: 1% for cash in 10 days;Net 30 days; Subject to sight draft at maturity.

No. of Packages.	Size	Quantity	Price	Amount	Total
19	Ret. Drums SCOCO	11621	11¾		1,365.47
13	Ret. Drums SCOCO		11¾		

Recd. Feb. 2,1937.
1% K

1-26-37

1,365. 47

Invoice no. 850
Goods Received 1-26
Order No. 343777
Checked by SN
Bill Read. Jan.29,1937
Charge 109
Approved T.J.Curry. S.G.

(2) Invoice from
ARMOUR AND COMPANY

Branch House at Columbus, Ohio Ticket No. 26646-C
Jan.25,1937

Ward Baking Company,
E. Goodale St., Columbus, Ohio.

We guarantee to the purchaser of the articles of goods described in this invoice that the same are not adulterated or misbranded within the meaning of the Federal Food and Drugs Act of June 30,1934, as amended, now the Laws of the State to which we ship the same PACKAGE GOODS ARE SOLD AT WEIGHT WHEN PACKED NO ALLOWANCE MADE FOR NATURAL SHRINKAGE.

Car No.	Tag No.	Qrts or Pieces	Description	Weight	Price	Amount
		4	Drums Vegetole	1524	12	182.88

Invoice No. 76618 Goods Recd. 1-25
Order No. Port 346307
Checked by BK
Bills Read. 1-28
Charge 109 Approved

Orders subject to approval of Seller's headquarters office. Terms subject to change without notice by Seller's Credit Dept. Tenders of goods not ordered out are waived by buyer.

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124889

COPIES OF TWO CANADIAN INVOICES

(1)

CANADA PACKERS LIMITED,
Toronto, Canada. No. 20859

Ship Feb.12/37.

Charge: Dumarts Ltd.,
Kitchener, Ont.

(Sales Tax on items marked "X")

	Weight	Price	
			3.55
1 TRC BISCOT X SHORTENING	394	11¼	44.33
			47.88

Certified true copy of tierce of Vegetable Oil Shortening bought from Canada Packers Ltd. Reb. 12/37.

(Signed) G.T. Jones.

---

(2) THE PROCTER & GAMBLE CO. OF CANADA LTD.

170 Bay Street. Toronto, Ont.

2.12.37.

Order No. 2235

DUMARTS LTD.
Kitchener, Ont.

---

1 Trc Primax 403 Shortening	13	52.39

No Tax

License no. 43

Certified true copy of tierce of Vegetable Oli Shortening bought from Procter & Gamble Co. February 12/37.

(sgd) G.T. Jones.

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124890

BRITISH COLUMBIA FRUIT GROWERS' ASSOCIATION

#10

Kelowna, B.C.
April 12th, 1938.

Crisis Threatens Canadian Fruit Growing Industry

Sir:

We need no excuse for offering you the following facts so that you may be fully apprised of the situation which confronts the fruit growing industry of Canada.

We feel assured that in your position you would like to know how the proposed negotiations with regard to Empire Preference will affect the fruit producers of this country.

The review, herewith, is a plain unvarnished statement of fact and it presents in clear, unbiassed form the economic picture.

May we urge, in its behalf, that you give it the careful consideration that it merits and that you support the cause of a Canadian primary industry whose future depends almost entirely on the decisions reached during the next few months.

A.K. Loyd
President

C.A. Hayden
Secretary.

Supplement of
B.C.F.G.A. Empire Preference Brief
Of August, 1937

In August of last year the B.C. Fruit Growers' Association prepared and distributed a brief on the question of Empire Preference and its effect on the British Columbia fruit industry.

This brief showed:-

1. Transferring of the buying activities of the British importer from the United States apple deal to that of British Columbia and Nova Scotia.

2. Preferences brought about a marked increase in Canadian percentage of importations to Great Britain.

3. Preferences resulted in the British Columbia fruit industry changing methods of cultivation and production to insure that as high a percentage as possible of desirable fruit be made available for that market.

4. The importance of that market by showing that of the 1936 crop approximately 45% had been exported and 95% of the 45% shipped to Great Britain.

5. That since the Agreements came into effect there has been a gradual drop in production in the United States with continued marketing problems and decided increase in Canadian production.

In the marketing of the 1937 crop the benefits derived have been emphasized to a greater extent than any previous year. In the Brief referred to it was estimated that the British Columbia crop would reach 5,000,000 boxes this past season. This was conservative as it will exceed 5,250,000 boxes. The percentage of export has increased to over 50% and 90% of the 50% to Great Britain has been maintained.

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124891

In spite of the benefits under the Agreements the British Columbia fruit grower is experiencing a most difficult season with assurance at the present time that returns will not bring cost of production. Quoting from the report of the Canadian Fruit Trade Commissioner in Great Britain, Mr. W.B. Gornall, as of April 7, 1938, we find that, from September 7, 1937, to April 7, 1938, the total movement of apples from Canada to the United Kingdom increased:

In Barrels 87 per cent
In Box grades 34 per cent

as compared with the corresponding period of the preceding export season.

The total movement of barrels was 1,263,000 and of boxes 2,271,000.

These figures represent the barrel shipments from Nova Scotia and Ontario and the box shipments from British Columbia. During the same period the United States, in spite of adverse tariff, recorded an increase in barrel shipments of 130 per cent and in boxes 33 per cent, the figures being 543,000 barrels and 1,847,000 boxes. With these importations, prices ruled: For barrels, from 12 to 23 shillings, and for boxes 6 shillings ninepence to 11 shillings. Average prices were around the 15 shillings for barrels and 8 shillings for boxes.

In neither case is the Canadian producer obtaining cost of production and any incentive such as is suggested by a removal of preference for further importations could only result in carrying this average far into the red.

In view of the extreme difficulty in obtaining entry into the other tariff hedged markets of the continent and of the world in general, we submit that the British market belongs first and foremost to British producers.

In spite of most vigorous marketing efforts, the total of B.C. apples marketed to date, outside Great Britain, is only 277,000 boxes.

It should be remembered that important as the export market is to Nova Scotia and British Columbia at the present time, it is now of importance to Ontario also and while British Columbia will increase production to some extent, the corresponding increase in Ontario will be very marked in the next few years.

Difficult market conditions have been accentuated by a greater measure of competition from citrus fruits produced in many parts of the world and affecting both export and domestic markets to about the same extent.

The marketing situation in the western United States is more unfavourable than it has been for a number of years, and as far as the position of the apple industry there is concerned, could very well be classified as disastrous. The loss of any portion of the present Preference would simply transfer that disastrous condition to the apple growers of Canada.

British Columbia will soon reach a 6,000,000 box crop if reasonably satisfactory outlets can be maintained. These can only be maintained by continuance of the present Preference and if this growing industry is to be continued in B.C. it can only be by retention of the full measure of protection now enjoyed.

Kelowna, B.C.
April 12th, 1938

BRITISH COLUMBIA FRUIT GROWERS ASSN.

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124892

Ottawa,
May 17, 1938.

H 10

Mr. Chester K. Hamilton, Jr.,
Hamilton Gear & Machine Co.,
Toronto, Ont.

Dear Sir:

I have just received your telegram of 16th regarding tariff protection on agricultural implements.

While tariff matters are peculiarly matters for the House of Commons, I will keep your representations very carefully in mind, and may be able to make some use of them in the Senate.

Yours very truly,

AM/E. Arthur Meighen.

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C.N.T. 6123.

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Night Message	N M
Night Letter	N L

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D. E. GALLOWAY, ASSISTANT VICE-PRESIDENT, TORONTO, ONT.

Exclusive Connection with WESTERN UNION TELEGRAPH CO. Cable Service to all the World Money Transferred by Telegraph

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THE HON ARTHUR MEIGHEN
do SENATE OTTAWA

THE MOVE TO CANCEL OR REDUCE TARIFF PROTECTION ON AGRICULTURAL IMPLEMENTS WILL IF CARRIED THROUGH INJURE US SERIOUSLY AS PRODUCERS OF GEARS AND PARTS WHICH MASSEY HARRIS CO USE IN BUILDING POWER IMPLEMENTS FOR WESTERN CANADA STOP DURING LATE WINTER OF EVERY YEAR THIS IS OUR BIGGEST PRODUCTION AND LOSING THIS WILL THROW MANY MEN OUT OF WORK AT WORST SEASON OF YEAR STOP WE URGE YOU TO DO ALL POSSIBLE TO PROTECT LIVELIHOOD OF THESE MEN....CHESTER E HAMILTON JR PRES HAMILTON GEAR AND MACHINE CO

519PM

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PUBLIC ARCHIVES
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CANADA

124894

#10

Ottawa,
June 15, 1938.

Mr. John W.E. Armstrong, K. C.,
822 Toronto General Trusts Bldg.,
Winnipeg, Man.

Dear Mr. Armstrong:

I received this morning your letter of 13th June. We are sitting here forenoon, afternoon and evening on the Special Railway Committee, besides attending to our other business, and I am not able to attend to correspondence with the thoroughness that I would like.

On the general question of Canada's tariff policy, my view has been long established. I came to that view through early years when I had a predisposition the other way. Even Great Britain with all her advantages of capital, shipping and basic raw materials (for the most part) found it impossible to compete in a world of tariffs in any free trade principle. I have no difficulty remembering how my predictions that this would have to take place were laughed to scorn in the House of Commons.

I know of no one who has been for any length of time closely connected with Canadian affairs, in business, who has any sincere conviction that any other policy is even worthy of consideration for Canada. This does not mean high tariff at all. Relatively to other countries in the world today we are not a high tariff country. Certainly we are not, relative to our nearest neighbour and competitor, the United States.

You mention thepossibility of a regional tariff. I know of no country where this has been tried, but, of course, that does not rule the idea out as not worthy of thought. What I fear is that it would mean the break-up of our country.

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124895

Mr. John W. E. Armstrong, K. C.,
Winnipeg, Man.

It is true Western Canada, relatively to Eastern Canada is not now prosperous. This has not always been true. It would not be true today but for the drought and other less important visitations of nature which have afflicted theWest. Even against these, in Manitoba, which has not been as badly struck as its two Western neighbours, I have succeeded, through what I think is good management, in making money in farming. It is true my assets have depleted in value, but earnings have not been a failure. There is in my judgment about an even measure of prosperity in the Central Provinces and in the Maritime Provinces. It is not an abundant prosperity by any means but quite the contrary at the present time, and its lack of buoyancy is due in very great degree to the failure of Western crops. It is due perhaps still more to the very heavy level of taxation which popular social movements have made necessary. That level of taxation discourages enterprise, contracts business and multiplies unemployment. A very close association with business over the past twelve years has brought me to this very clear and definite conviction. What is needed in Canada is the releasing of the energies of enterprising men, so that constructive projects may go ahead and working men get a chance to earn a living. This is vastly more important to the working men of Canada than all the schemes of Governmental social assistance that anybody has devised.

The above does not mean that I am by any means against all sane and sound Governmental measures to assist the less fortunate at the expense of the more fortunate. These measures have been multiplying, and some of them are sound. The main need, though, is just what I have described above.

Very sincerely yours,

AM/E. Arthur Meighen.

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124896

JOHN W. E. ARMSTRONG, K.C.
FRED. G. THOMPSON
BARRISTERS

SUITE 622 TORONTO GENERAL TRUSTS BUILDING
WINNIPEG, CANADA

June 13th, 1938.

The Right Honorable Senator Arthur Meighen,
The Senate,
Ottawa, Canada.

Dear Senator Meighen:

It is a long time since I have written to you. The reason I am now doing so is that I understand you will not accept the leadership of the Party. If this is correct, you will have a more detached viewpoint on affairs than the man who may be leader and his immediate followers.

As you know, all my training in politics until I came here was in Belfast, Ireland, in the Conservative ranks. My father and my uncle were leaders of the Party, and I was being trained. Our first training was to face fundamental facts, and if we saw anything locally or otherwise which was unfair or needed remedying, we brought it up and it was patiently discussed and remedied, even if it meant going back on ideas formerly held.

The Conservative Party was essentially a Party to protect the ordinary man from unfair dealing in factories and in big business. It was a country Party, and the strength of it was in the country and the well known men in the country. Big business in those days was in the Liberal ranks. The Conservative Party did not hesitate to do what was right and fair to protect the middle man, the poor man, or sections of the country from unfairness.

All along in this country my trouble has been high tariff. I have been trained that the only way a business or a country prospers is by the manufacturing of good goods at a reasonable price. My

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124897

sizing up and observation in this western country has been I think confused by the facts of immigrants pouring in with money, construction of railroads, speculation and the large volume of money pouring west for such purposes. Money for such purposes seems to me to be over from the outside, at least for a considerable time. I think the same fundamentally also applies to the western States.

It seems to me that for constructive work and initiative and for the purposes of initiative in the West, and I think this applies also to the Maritimes, we must save our capital out of the difference between the cost of raw materials and manufactured goods with the objective that with such surplus our creative work must be milling, tanning, packing, canning and the development and processing of the products of the mines. I cannot see this being accomplished in the Maritimes and in the West under our present high tariff.

Furthermore, under the tariff there are many abuses that have cut in, and the result is that manufacturing, finance, and insurance is being more and more centered in a few cities in Ontario and Quebec. This cannot possibly be for the benefit of all Canada, and it simply cannot last without the bonds of Confederation being strained. Social Credit in Alberta is only a symptom of revolt. The Conservative Party are asking Conservatives in the West and in the Maritimes to lift an impossible load at the election. We have won when we have had an entirely different cry, such as the war, carrying on employment, etc., otherwise we have been snowed under.

In the elections in which I have spoken in Manitoba and where not alone I have spoken but where I have after meetings talked in the station house and other places with individuals, I have known the load that we are trying to lift through high tariff. You know the conditions of the West at present possibly better than I do, and this entirely apart from drought, etc. If we have a crop this year, you will only see the price of manufactured goods go up and the difference absorbed in the price of goods.

John A. Macdonald's principle idea for Canada was Confederation in the British Empire. What would he do today if he thought this fundamental principle was being endangered and if he saw two sections of Canada prospering and the rest of Canada not prospering. I do not know the answer; you will

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know it better than I do, but I think we have to consider fundamental principles, and we have to "take the works apart" and consider seriously what is holding back Canada generally.

I feel in Western Canada that if we had a regional tariff based on Western Canada, not between the Provinces, but for the outside, administered by the Dominion Government, with representatives in the principal countries of Europe attending to the buying and selling of the crop and goods, we in the West in the next fifty years would prosper mightily. This may not be possible, but at least surely there is some middle of the road ground between this and high tariff.

I am writing you this because you are a thinker. You have ability, you have lived in the West and you are free from the turmoil of politics. You will therefor have a very substantial say in the shaping of policy at the Convention. I hate to see at election after election our Party standing on its present economic policy, the Liberals kidding the crowd on low tariff, but at the same time getting away with it in the West. It seems to me that with something of the nature of a regional tariff the Conservative Party could carry the West and the Maritimes at any rate. Are not politics in Ontario and Quebec totally different now? Isn't this very much changed by the advent of mining towns and cities? Isn't the future of England and of Canada bound up in the sale of the manufactured "heavy" goods and raw materials in the countries around the Pacific Lake? Mustn't England have to develop and process mines and minerals for this trade in Canada? Does not this mean that the Maritimes and the parts of the West where there are minerals must prosper? Doesn't this mean that we are just about at the time when manufacturers and processors of heavy goods in world trade must meet head on with the manufacturers of what I call "panty" goods, that is, the manufacturers of light goods. In exchange for heavy goods and crop mustn't we be prepared to accept light goods, such as silks, rayons, cottons, textiles and such?

I am only putting in writing thoughts which are running through my head. They may be all wrong. You will know more than I about this, but something must be fundamentally worked out for all Canada if we are to prosper.

I trust everything is going well with you. With very best wishes, I am,

Yours sincerely,

JWEA/NT.

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Tariffs. 124899

320 Bay Street, Toronto,
June 29, 1940.

Mr. Daniel McKee,
Editor, Canadian Countryman,
204 Richmond St. West,
Toronto, Ont.

Dear Mr. McKee:

I duly received your letter but waited until today to acknowledge save because I wanted to receive and read the editorials to which you directed my attention. These arrived this morning and I have read them, and want to tell you that it is many a long day since I have had as much pleasure reading editorials as I have had in reading the first two in your issue of 23th June.

I need not specially refer to the first because I have urged the same thing in the Senate all this Session. The election, however, which itself was a catastrophe, brought about a situation which seems now to have rendered quite impossible any attaining of the very worthy object you have in mind.

In your second editorial "We 'Asked for It' and Now We Have Got It" you have in my judgment expounded a truth which very few want to see and which very few have ever tried to express.

The handicaps under which agriculture labours are just what you so clearly define. Farm products must inevitably, in any free economy, be sold in the open market without artificial subsidy. What the farmer buys, his implements, his clothing, his transportation, are all increased in price by labour costs artificially enhanced. This applies especially to transportation costs. Mr. C. W. Peterson of Calgary has developed this subject with great ability, and you have probably read his productions.

Because of its easy availability for political purposes, the farmer has been taught a theory for many years that the maladjustment under which he suffers is due to tariff. This may in individual instances have an element of truth, but to a very small measure, and there is a compensating

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Mr. Daniel McKee,
Toronto, Ont.

advantage to the farmer in the bringing nearer home of his market. The real cause, to a degree absolutely incomparable to anything that has relation to the tariff, is the cause described in the preceding paragraph and so well expounded in your editorial.

Reasonable and thoroughly enforced laws against monopoly; the control by the State of charges made by a monopoly, if such becomes unavoidable; taxation of profits which now are enforced to a devastating extent—these things take care of other problems, but the main mountain which has to be surmounted is that described in your editorial.

The surmounting of it under manhood suffrage is tremendously difficult. The only suggestion one can make is that the truth about it be driven home day by day and year by year. Canadian elections have been won over a long period of time by the very methods which you deplore, and by ignoring the facts which you have exposed.

By the artificial conditions determining labour costs, labour as a whole benefits not at all. In fact, it suffers. Some sections benefit, but mostly those employed suffer by recurrent idleness more than they gain. The mass of unemployed, which is the by-product of this system, suffer materially in living standards and morale, and become Government wards.

Yours very truly,

AM/E. Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

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CANADA

124901

The Canadian Countryman

HEAD OFFICE: 204 RICHMOND ST. WEST, TORONTO 2

June 26, 1940.

Rt. Hon. Mr. Arthur Meighen,
The Senate,
Parliament Bldgs.,
Ottawa, Ont.

Dear Sir:

Under separate cover I am sending you a copy of our issue of June 29, as you may be interested in an article appearing on page six, entitled "Why We Need a National Government." You may also be interested in another article appearing on the same page, headed "We 'Asked for it' and Now We Have Got It." In this latter article it is pointed out that the so-called "social reformers" in the democracies are very largely to blame for the lack of preparedness among the free peoples of the world in resisting Hitlerism.

Yours truly,

THE CANADIAN COUNTRYMAN

Daniel McKee

DM/JM

Daniel McKee
Editor

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	Meighen, A.	11 Feb. 1932	124901K
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Reprinted from "The Sunday Post," Glasgow.
With The Editor's Compliments.

WHERE THE EMPIRE BUYS— WHERE THE EMPIRE SELLS

Our correspondent "A. T. B." suggested that the delegates to the Ottawa Conference should start by counting up the total trade done by the whole Empire with each foreign country. Here are the figures both for sales and purchases.

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EMPIRE TRADE WITH FOREIGN COUNTRIES

	Sells to British Empire excluding U.K.	Buys from British Empire excluding U.K.	Sells to U.K.	Buys from U.K.	Total Sales to the Empire	Total Purchases from the Empire
1 Soviet Russia ..	£2,187,000	£2,088,000	£34,235,000	£6,772,000	£36,422,000	£8,860,000
2 Sweden	5,464,000	1,226,000	22,581,000	10,068,000	28,045,000	11,294,000
3 Norway	2,384,000	1,554,000	11,967,000	12,931,000	14,351,000	14,485,000
4 Germany	33,495,000	44,318,000	65,490	26,809,000	98,985,000	71,127,000
5 Denmark	283,000	2,228,000	54,118,000	10,249,000	54,401,000	12,477,000
6 Finland	511,000	310,000	12,634,000	2,414,000	13,145,000	2,724,000
7 Holland	11,716,000	19,194,000	39,524,000	18,860,000	51,240,000	38,054,000
Dutch Possessions	51,966,000	15,415,000	12,950,000	6,791,000	64,916,000	22,206,000
8 Belgium	12,565,000	22,899,000	38,016,000	15,035,000	50,581,000	37,934,000
Belgian Congo ..	———	617,000	241,000	568,000	241,000	1,185,000
9 France	16,809,000	35,496,000	49,267,000	29,690,000	66,076,000	65,186,000
French Possessions	3,897,000	3,945,000	5,479,000	6,038,000	9,376,000	9,983,000
10 Switzerland ..	5,766,000	60,000	12,640,000	5,187,000	18,406,000	5,247,000
11 Portugal	565,000	445,000	3,655,000	3,363,000	4,220,000	3,808,000
Portuguese Possessions	550,000	1,385,000	966,000	4,118,000	1,516,000	5,503,000
12 Spain	1,298,000	4,759,000	16,638,000	9,335,000	17,936,000	14,094,000
Spanish Possessions	79,000	———	2,853,000	1,475,000	3,932,000	1,475,000
13 Italy	10,698,000	19,060,000	15,005,000	13,835,000	25,703,000	32,895,000
Italian Possessions	198,000	186,000	83,000	82,000	281,000	268,000
14 Austria and Hungary	2,053,000	35,000	4,389,000	2,778,000	6,442,000	2,813,000
15 Czecho-Slovakia ..	3,667,000	———	6,403,000	1,731,000	10,070,000	1,731,000
16 Greece	272,000	1,317,000	2,197,000	3,749,000	2,469,000	5,066,000
17 Turkey	243,000	400,000	1,870,000	1,868,000	2,113,000	2,268,000
18 Yugo-Slavia ..	45,000	———	708,000	1,159,000	753,000	1,159,000
19 Latvia	217,000	———	4,747,000	1,152,000	4,964,000	1,152,000
20 Poland	168,000	4,000	7,949,000	3,564,000	8,117,000	3,568,000
21 Luxemberg ..	338,000	———	507,000	17,000	845,000	17,000
22 Roumania	538,000	———	4,726,000	1,947,000	5,264,000	1,947,000
23 Esthonia	94,000	———	1,992,000	388,000	2,086,000	388,000
24 Other European Countries	———	249,000	1,244,000	1,547,000	1,244,000	1,796,000
25 China	9,236,000	13,712,000	9,889,000	8,574,000	19,125,000	22,286,000
26 Japan	31,661,000	42,483,000	7,821,000	8,374,000	39,842,000	50,857,000
27 Iraq	1,920,000	876,000	1,131,000	1,692,000	3,051,000	2,568,000
28 Persia	4,456,000	1,213,000	8,776,000	2,695,000	13,232,000	3,908,000
29 Arabia	820,000	2,975,000	19,000	133,000	839,000	3,108,000
30 Siam	9,631,000	3,326,000	289,000	2,050,000	9,920,000	5,376,000
31 African and Asiatic Ports	96,000	———	———	———	96,000	———
32 Somali Ports ..	55,000	64,000	———	———	55,000	64,000
33 Egypt	682,000	5,547,000	13,909,000	9,808,000	14,591,000	15,355,000
34 Morocco	209,000	———	333,000	1,404,000	542,000	1,404,000
35 Liberia	4,000	———	43,000	120,000	47,000	120,000
36 United States ..	256,282,000	182,472,000	153,497,000	28,705,000	409,779,000	211,177,000
Phillipine Islands ..	273,000	476,000	1,741,000	751,000	2,014,000	1,227,000
37 Foreign West Indies	14,000	89,000	234,000	126,000	248,000	215,000
38 Cuba	1,131,000	3,103,000	6,874,000	1,283,000	8,005,000	4,386,000
39 San Domingo ..	367,000	———	1,851,000	153,000	2,218,000	153,000
40 Haiti	1,000	1,000	150,000	167,000	151,000	168,000
41 Honduras, Republic of	83,000	———	496,000	517,000	579,000	517,000
42 Columbia	1,491,000	———	1,397,000	1,553,000	2,888,000	1,553,000
43 Venezuela	390,000	———	798,000	1,644,000	1,188,000	1,644,000
44 Guatemala	50,000	———	58,000	231,000	108,000	231,000
45 Uruguay	11,000	689,000	7,387,000	3,578,000	7,398,000	4,267,000
46 Peru	1,724,000	207,000	4,494,000	1,443,000	6,218,000	1,650,000
47 Chili	570,000	1,097,000	7,272,000	5,963,000	7,842,000	7,060,000
48 Brazil	899,000	2,279,000	8,111,000	7,970,000	9,010,000	10,249,000
49 Argentine Republic	3,601,000	9,309,000	56,666,000	25,234,000	60,267,000	34,543,000
50 Panama	———	25,000	40,000	614,000	40,000	639,000
51 Mexico	517,000	531,000	2,886,000	2,434,000	3,403,000	2,965,000
52 Pacific Islands ..	257,000	313,000	1,000	7,000	258,000	320,000
53 Cape Verde Islands	———	235,000	———	———	———	235,000
54 Other Foreign Countries	6,964,000	14,742,000	6,812,000	1,573,000	13,776,000	16,315,000
	£501,461,000	£462,954,000	£739,049,000	£322,316,000	£1,240,510,000	£785,270,000

Total Imports over Exports—£455,240,000

The above table is prepared from the "Statistical Abstract for the British Empire," recently published by the Board of Trade. The figures are for 1930, the most recent year dealt with in this publication.

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If the foreign country buys more from the Empire than she sells to the Empire then the red flag should go up against any tampering with the products in which that country is interested.

If, on the other hand, the Empire is buying more from an individual foreign country than that country is buying from the Empire, then let the delegates get busy to see where the adverse trade balance of the Empire can be reduced. A. T. B.

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Reprinted from 'The Sunday Post,' Glasgow.
With the Editor's Compliments.

THE NEXT ACT—
OTTAWA

World Audience
On Tenterhooks

∞∞∞∞∞

By A.T.B.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
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CANADA

GOD made the world in six days, and the seventh day He rested.

What did He make it for?

Turn a few pages and we come to the Tower of Babel.

The builders were scattered abroad over the face of the earth.

What was the object?

Various parts of the earth are endowed in different ways.

Some are given big supplies of timber.

Some are given precious metals.

Some are given big areas that will produce food.

No one country has been given everything.

Why are certain areas in the world favoured with precious metals, timber, oil, etcetera?

Are they not supplied with these so that they can provide the other parts of the world which are barren?

To Cut the Cackle

every nation in the world exists in order to serve not only itself but the rest of the world.

Imagine a country entirely self-supporting—which buys nothing from other countries—sells nothing to other countries—gives nothing to other countries.

What use or service is it to the world?

There is no country in this position. Never has been. But there are any number of countries to-day—not all outside the British Empire—which are striving might and main to reach it.

Herein lies a root cause of the world mess.

What of the Ottawa Conference?

The conference can be a success only if every member of the Empire Family, from the Mother Country to the smallest protectorate places "Empire plus World Service" right in the front of the platform.

The Empire is not a self-supporting unit. Never can be.

But the Empire has

Surplus Production

of many products.

This surplus must be sold to foreign countries.

Canada is known as the granary of the world.

Australia and New Zealand produce two-thirds of the world's supply of wool.

The Malay States, Ceylon, and India more than half the rubber, and so on.

Similarly the Empire, with all its resources pooled, is short of a great many products.

Just as a Small Example

nine-tenths of the world's production of iodine is got in Chile. You know the stuff that gives you gip when you put it on a cut.

The Empire must import iodine. So it is with many other products.

SILK—The Empire produces practically none. Japan sixty per cent. China twenty per cent. Italy thirteen per cent.

PETROLEUM—The Empire produces less than two per cent. Big producers U.S.A., Mexico, Russia.

COPPER—The Empire produces less than five per cent. Big producers U.S.A. and Chile.

The same kind of tale can be told of coffee, cotton, flax, hemp, maize, fertilisers, tobacco, and so on.

The Empire is dependent on the rest of the world—just as the rest of the world is dependent on the Empire.

If the Ottawa Conference had only raw materials to consider, the business would be easy. The trouble is with manufactures.

All over the world, unnatural, and in many cases, uneconomic industries have been built up behind Tariff walls.

Suppose a nut and bolt factory is set up in Nigeria, and a Tariff put on all nuts and bolts coming into Nigeria.

What's the Result?

A nut and bolt factory in Germany, Great Britain, or some other country, is shut down.

This is happening all the world over. In the British Empire. In foreign countries.

Every country in the world has been striving to increase its home production of every possible kind of product, no matter whether it can be economically produced or not.

The consequence is over-production in practically every class of goods.

What's the remedy?

Allow the natural supplier to supply the goods that nature endowed her to supply, and supply them to the natural market whether in the Empire or not.

Britain is a natural supplier of coal, metal products, textiles, &c., to the Continent. The Continent is a natural supplier of timber, timber products, food products to Britain.

U.S.A. is a natural supplier of oil and many things to Canada.

Canada is a natural supplier of timber and timber products to U.S.A.

Just have a look at the map.

If You Want a Doctor

you choose one who lives in the next street if you can—not one who lives miles away. You're not so likely to be dead when you get him, and it's cheaper.

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There is no benefit to the world in cutting off some article that Britain buys in one of the Continental countries and replacing it by the same thing bought from the Empire. It may cost a lot more.

The whole world is suffering from

Man-Made Contrivances

all starting from a single point—Selfish Self-Interest.

The Ottawa Conference can be a success only if it will avoid Selfish Self-Interest and give due weight to the needs of countries outside the Empire as well as within the Empire.

The delegates should start by counting up the total trade done by the whole Empire with each foreign country.

If the foreign country buys more from the Empire than she sells to the Empire, then the red flag should go up against any tampering with the products in which that country is interested.

If, on the other hand, the Empire is buying more from an individual foreign country than that country is buying from the Empire, then let the delegates get busy to see where the adverse trade balance of the Empire can be reduced.

It is senseless to regard every foreign country as somebody whose trade should be attacked and crushed out.

Many foreign countries are good customers of the British Empire. Let us be sure they are treated well.

Discover the Bad or Poor Customers

and find means of making them better customers.

Every component of the Empire which appears not to be playing the game with the rest of the Empire should be disciplined.

The Empire should not be an exclusive, watertight organisation. It ought to be possible for any foreign country to participate in the trade benefits of membership of the British Empire provided it buys a sufficient quantity of British Empire products.

The same applies in regard to Currency.

This is one of the big questions at Ottawa.

Is it possible to establish an Empire Currency?

If it is, then it ought to be open to nations outside the British Empire to adopt the British Empire Currency, and thus facilitate trade between these countries and the Empire.

The Ottawa Conference should be held not for the benefit of Great Britain and the Empire alone, but for the benefit of mankind.

A. T. B.

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The Big Question
for
OTTAWA

THINGS are not always what they seem.

The figures published in "The Sunday Post" last week prove beyond all shadow of doubt how wrong and misleading popular ideas can be.

We hear the fellow in the bus shrieking about France—damning the Government because it doesn't use the strong hand and put up tariff against tariff, quota against quota.

What are the facts?

Actually France and French Possessions bought £75,000,000 worth of goods in 1930 from the British Empire, and they sold £75,000,000 worth to the British Empire.

France

is therefore an A1 customer of the British Empire, and no mistake about it.

Obviously if the same proportion is still maintained to-day, France cannot afford to buy more from the British Empire without incurring an adverse trade balance, unless the B.E. buys more from her.

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The moral is—find out if we can buy more from France. Then put a proposition that France should buy more from us.

The result — More employment in the B.E.; More employment in France.

The same applies to Italy.

Italy

and her Possessions in 1930 bought from the British Empire £33,163,000 worth of goods, and sold to the British Empire £25,984,000 worth.

Italy cannot afford to buy more unless the British Empire buys more from her. The Empire must buy more from Italy.

Who would have dreamt that the Empire had a favourable trade balance of over £7,000,000 with Italy and that France was all square?

Any attempt by the Ottawa Conference to reduce the purchases of the Empire from France and Italy would be

Suicidal

France and Italy are both entitled to full trade benefits of membership of the B.E. as are Norway, China, Japan, Greece, Turkey, Portugal, Yugo-Slavia, and Brazil. The Empire has a credit trade balance with them all.

A study of the Empire Trade figures published in "The Sunday Post" shows plenty of scope for investigation in another direction—

Some countries must buy more from us if we are to continue buying from them on the 1930 scale.

As examples—

The Soviet buys from the British Empire only one-quarter of the value of the goods she sells to the Empire.

Denmark less than a quarter.
Switzerland less than a third.
Czecho-Slovakia one-sixth.
Latvia less than a quarter.
Persia less than a third.

And so on. Some may be doing their utmost, but the probe should be put in.

In each of these cases the Empire has the power to negotiate for better treatment.

Now we come to the outstanding feature of the figures.

United States of America

is the biggest customer of the Empire.

The biggest customer by far.

U.S.A. buys three times as much of Empire goods as any other nation.

U.S.A. actually purchased in 1930 over 211 millions worth of Empire goods.

Germany bought a total of over 71 millions.

But U.S.A. is also by a very large margin the biggest seller to the British Empire.

In 1930 U.S.A. actually sold 410 millions worth of goods to the Empire.

Germany sold to the British Empire 99 millions.

If Ottawa can solve the U.S.A. puzzle the whole bag of tricks is solved.

I always hated these wire puzzles — this one looks like a high-jacker.

U.S.A. sells to the Empire goods to the value of 410 millions; buys from the Empire 211 millions.

The adverse trade balance of the Empire all in was 455 millions.

The adverse trade balance with U.S.A. alone was 199 millions sterling—nearly half.

It is in the power of the Empire to cut down the 410 millions. If the 410 millions are cut down the 211 millions will doubtless also be cut down.

If both are cut down trade gets worse in the Empire, and it gets worse in U.S.A. Therefore, there is no solution this way.

The two bits of wire only stick together.

What's the solution?

I don't know. Perhaps some of "The Sunday Post" readers can suggest a plan.

We must appreciate that U.S.A. is the Empire's biggest customer.

The Empire's Going Into Reverse

if she falls out with her.

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As a start, we should go to U.S.A. and say frankly—"We cannot afford to go on buying. We can't pay out £2 for every £1 you pay to us. What do you suggest?"

A close scrutiny should be made of U.S.A. trade with the Empire with the object of seeing where the adverse balance can be cut down, but the total trade (imports and exports) must be maintained—

Increased, if possible.

If we get to tariffs, or threats of tariffs, then trade in the Empire and trade in U.S.A. as well is going to suffer.

The trade experts of the Empire and the trade experts of U.S.A. should get together and try to find a solution.

They have to take into consideration not only trade figures. They must include these invisible exports—payments of cash, interest on loans, war debts, and services.

You will be getting tired of these figures. But they are at the root of the whole mobilisation at Ottawa.

U.S.A. sales, 410 millions. U.S.A. purchases, 211 millions—difference, 199 millions.

This means the Empire paid out 199 millions in hard cash to U.S.A. in 1930.

It Can't Go On

U.S.A. knows it can't go on. It is no use putting on blinkers and discussing trade with Czecho-Slovakia, Persia, or Spain.

Ottawa must get down to the U.S.A. puzzle at once.

If it is not solved Ottawa degenerates to mere tinkering. Ottawa is a frazzle.

If it is solved Ottawa succeeds.

Q E D and Q E F of my old pal Euclid can be written of all the other problems.

The Empire must trade with the world.

Let the Empire agree its proposals then invite U.S.A. representatives to Ottawa, or take the next train to Washington.

A. T. B.

Reprinted from "The Sunday Post," Glasgow.

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12490 I d

The Senate

REASONS WHY SWEEPSTAKES IN CANADA SHOULD BE LEGALIZED.

1. It is a fact that from no source can such a large revenue be received at no risk or expense to the Government.

2. To those who think they can stop it let me tell them that all they are doing is driving the money out of Canada to another Country.

3. As for the excuse that it causes gambling, let me state, the Government allows horse-racing and stock-exchange gambling which is far worse. In fact, our whole life is a gamble, viz., life insurance and every one who starts in business is taking a chance.

4. At the present time when such extreme measures are being taken to save the finances of our Country we cannot refuse to accept an angle whereby, with the aid of the Country to the South of us, four to five million dollars per year could be made.

5. Some Senators have said that the expense involved is too much for the profit derived. It is entirely in the hands of the Government to say what per cent shall be allowed for expenses.

6. The Irish Sweepstake is finding employment for over three thousand people. This would take some weight off the Government in solving the unemployment problem.

7. The Irish Sweepstake, running three sweepstakes in one year, has been the means of thirty hospitals which had been in a state of bankruptcy now being in a flourishing condition, rebuilding, renovating, supplying the very newest in medical appliances and sending to the World some of our very best doctors. This is something to be proud of.

8. Let us be straight with ourselves. Are not the people who are opposing this measure the very same as opposed the Government Control of liquor? If they had had their way, we would be the awful state that the U.S.A., is in. Spending millions of dollars to enforce a measure which cannot be enforced with wholesale bribery and murder on every side.

9. I have no hesitation in stating that if the Returned Men of Canada were polled over eighty percent would be in favour of legalizing sweepstakes.

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Senate U

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A GENERAL COMMENT ON THE SCHEME.

There are, at present, no indications that the need for measures to relieve the unemployed is growing less - quite the contrary. But although this need continues to become more insistent, the financial obstacles are becoming correspondingly larger. The relief measures which have hitherto been taken involve a constant distribution of funds which are becoming increasingly difficult to get.

It would seem that the one resource which is abundantly available, namely, the energy, skill and technical knowledge of the unemployed themselves, is also the one resource which has not been utilized for their benefit. The labour which is applied upon public works, although making financial claims on the public exchequer, leaves behind it nothing which will of itself pay dividends to the men whose labour was employed. Although the community may be richer as a result of these works, the riches are of an intangible nature and are incapable of being drawn upon for the benefit of its indigent members. The Dominion of Canada, generally, and the Province of Ontario, in particular, is well endowed with public conveniences and, if no more were added, can carry on without discomfort, at least until the whole volume of business and traffic in goods and services is increased.

The problem of unemployment relief is surely one of finding some instrument through the use of which the unemployed can convert their own energy, ingenuity and technical capacity to supplying themselves with the necessities of life.

Unemployment has now spread so that it embraces a number of technicians and professional men, as well as skilled artisans and ordinary labourers, and it is suggested therefore, that these men be recruited in their due proportions to form camps. The obligation of the Government would be to provide raw materials, tools, machinery and land. It would then be incumbent upon members of these camps to construct therewith the necessary accommodation and to provide themselves with the necessities of life. It is not denied that this scheme would involve a certain outlay of money, but if peace and good order are to be maintained, expenditures on unemployment relief are inevitable.

BH.

Geary 1/2 Highbourne Rd. Hy 0543

Ad. 1795

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The important aspect of this proposal is that unlike other proposals, which involve public works or direct subsidies the outlay is a capital outlay which ceases, leaving behind it something which can be operated perpetually by the unemployed to their own advantage.

For the sake of illustration, a modus operandi may be outlined in general as follows: A suitable site might be selected within reasonable distance of the city, comprising 100 acres, let us say, of reasonably fertile land. A body of 200 unemployed, single men, can then be recruited on a contract basis, which subjects them to reasonable discipline and defines their obligations. As the Militia is not going to camp this year, tents might be requisitioned from the military authorities, and the recruited men be put under canvas during the summer.

The men selected will embrace a due proportion of skilled artisans and technicians. The Government would supply a specified amount of lumber and building materials and the men would be employed to erect permanet accommodation for the Winter, dig septic tanks and lay down the necessary sewers. The erection of work shops, a community hall and so on will follow. In the course of time, by the cultivation of the ground breeding of animals, the bottling of vegetables, the smoking and pickling of meat, the camp would put itself into a position where it would require the minimum of outside assistance.

As a supplementary programme, the Government might press into service the various charitable organizations, directing their attention to the gathering of broken-down trucks, furniture and other goods which could be reconditioned by the camp artisans for their own use.

Married quarters will follow in the course of time and the camp communities will reach a position at which the unemployed would be actively employed in the improvement of their lot, and would incidentally be improved in physique through the organization of sport and in general contentment through various entertainment facilities provided by the inclusion of unemployed musicians, lecturers and others competent both to entertain and instruct.

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It is submitted that in as much as unemployment relief promises to be a more urgent and a more expensive problem as time goes on, the resources at the disposal of the authorities should be employed for the benefit of those in need of relief. No one will dispute that the greatest of these is the skill and energy of the men themselves and that the second is the super-abundance of fertile ground and natural bounty.

It might be objected that such a procedure involves some permanent organization. It must, however, be remembered that unemployment is one of the permanent problems of a technical age. In the most prosperous periods since the war, unemployment has been rife and a returning prosperity will fail to re-absorb all the unemployed. As time goes on, Industry will learn how to dispense with the services of a larger and larger percentage of the Community.

Until there has been some sort of Commercial, Financial or Social re-organization which distributes the growing profits of technical efficiency to the community in the form of paid leizure, unemployment will continue to be a problem. In the interval of adjustment, it is submitted that the self-supporting camp, financed with public money and maintained by the unemployed themselves, will prove the happiest solution to a vexed question.

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124901 h

PROGRESS POOL CAMPS.

PURPOSES.

1. To hold in readiness men qualified to fill positions in Industry, trades, professions etc., until the demand arises.

2. To provide a residence and occupation for all unemployed, and all casual labourers when not actually employed. (N.B. Casual labour a curse even in times of prosperity.)

3. To maintain health and efficiency.

4. To develop physique and qualification.

5. By removing the tag-ends and surplus employees from industry to enable efficiency to return and the natural law of supply and demand to operate freely.

6. Relieved of such burdens and handicaps industries could afford to contribute to the scheme and yet make a greater net profit.

7. To help solve the problems of employers and managers.
   (The right men to the right place at shortest notice)

8. To re-establish the independence of every member of society.

9. To facilitate the carrying out of the obligations of the community to its members who, as victims of circumstances are unable to pay for, whether or not they are receiving, the necessities of life.

10. To co-ordinate all existing sources of relief and to direct them through a more economic and comprehensive channel.

11. During periods of labour turnover due to changes in customs, tastes or needs or to invention or improvements in machinery to relieve the cummunity of this heavy drag and cause for discontent.
    (Note;- If successful one camp at least within range of each city or town, throughout the Province.)

12. To utilize or keep ready for use the specific qualification and knowledge of each individual. In any case to keep everyone occupied for a portion of the day.

SUGGESTED CONDITIONS.

L

1. One month's contract between a man and the authorities,(dating from 1st or 15th.)

2. Men agree to keep rules of camps.

3. Authorities agree to feed, shelter and pay a minimum allowance; to supply overalls at a minimum or nominal cost.

4. A few permanent executives.

5. All others in camp to receive same fixed minimum allowance whether employed on camp staff, casual duties or merely exercises. Possibility of the minimum allowance increasing if success or circumstances permit.
   (Degree of self support of camps to be taken into account to encourage co-operation.)

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ORGANIZATION

Manager, Assistant, Secretary, Section leaders, Assistant leaders, Men's Representatives.

3 CLASSES OF ACTIVITIES

1. Compulsory - including camp work - cleaning etc., duties of those enlisted for specific occupations - cooks, gardeners, mechanics, musicians, clerks, etc- casual labour or physical training. } At least 6 hours per day so occupied as part of the contract.
2. Individual selection -- instruction etc.
3. Voluntary -- sports, debates, lectures.

Men capable of organizing all these activities are to be found to-day loafing or drudging from office to office,- losing efficiency and self respect.

The majority are losing heart; some of the best display an active discontent.

A fair degree of self support should be developed in a short time - vegetable gardens to be immediately inaugurated, (possible acquisition of farms) - Cooks, clerks and such necessary personnel readily available. Disused material to be collected. Abandoned trucks and automobiles for mechanics to work on and supply camp transport.

Old and broken furniture for carpenters etc.

SAMPLE REGULATIONS

1. All undertake to adhere to contract.
2. Compulsory activities are part of this contract but sympathetic discrimination to be exercised.
3. Suggestions and complaints only made by right through men's Representatives.

   Manager holds daily meeting with these representatives. Direct communication with authority permissible at end of any month's contract.
4. Employers of labour given free access to prospective employees and to camp records etc.
5. Opportunities to seek employment outside whenever possible.
6. Nothing produced in or by the Camps to be sold for profit.
7. Married men to live at home where desired.
8. Necessary penalties to be accepted loyally.

Note;- If camps begin to be organized during summer months, carpenters etc., (at present unemployed) could be building huts in preparation for the winter.

Tents usually used by Militia should be available this year.

Ultimately married quarters might be supplied for those who had distant homes.

An opportunity for clearing of slums.

The scheme offers security for all who do not want to be idle; will remove beggars from the streets and job pedlars from offices.

Though a spirit of cheerfulness should pervade the camps, employment outside will always be the objective.

The chief organizations at present assisting relief work have commented favourably on this scheme.

(N.B. A square deal on both sides not charity)

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124901

THE SENATE
CANADA

Ottawa, February 11th, 1932.

Dear Miss Edmondson:-

As requested by Senator Meighen I forward the attached for your files.

Yours very truly,

U. Gillespie

Miss E. M. Edmondson,
Canadian General Securities,
347 Bay Street,
Toronto, Ontario.

Enc.

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THE SENATE

CANADA

Ottawa, 11 February, 1932.

MEMO:

Miss Edmondson.

I enclose Income Tax Assessment for 1930. Please keep me advised as to the time when payment is necessary.

C.C.C.

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12490 I

THE SENATE

CANADA

Ottawa, 17th February, 1932.

MEMORANDUM TO Miss Edmonson,-

Will you please send a copy of my speech on the silver question to the Honourable Senator Hughes, The Senate, Ottawa.

Arthur Meighen

Mailed Feb 19/32 Edmonson.

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124901 m

March 16, 1922.

Rt. Hon. Senator Arthur Meighen,
The Senate,
Ottawa, Ont.

Dear Mr. Meighen:

Mr. A. E. Rea wishes to make an appointment to see you here on Saturday morning, and asked me to write you to see if this would be convenient.
I told him I would telephone him Saturday, but he wishes to know sooner, if possible.

Yours very truly,

E.

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THE SENATE

CANADA

Ottawa, March 17th, 1932.

Dear Miss Edmondson,-

I have your letter of the 16th instant with respect to an appointment for A.E. Rea on Saturday morning.

Please telephone Mr. Rea that I find it will not be possible for me to be in Toronto on Saturday.

Yours truly,

Arthur Meighen.

Miss E.M. Edmondson, Secretary,
Canadian General Securities, Ltd.,
347 Bay Street,
Toronto, Ont.

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Tariffs — C.A. Burton

The Senate 124901

March 22, 1932.

The Honourable R. B. Bennett,
Prime Minister,
OTTAWA, Ontario.

Dear Mr. Prime Minister:

Your interest in the serious problem of present tariffs and their application leads me to present you with these further facts.

Our new year of business commenced on February 3rd. Between that date and March 16th - a six weeks period - we have such definite evidence of the absence of adequate ranges of merchandise in so many Departments where formerly our purchases from Great Britain and the Continent were a real factor, that I am enclosing for your personal use a statement in respect to these departments.

There may be a desire to postpone any relief until the July Imperial Conference. We feel you will appreciate that the volume of trade through this Spring period is of such great importance that to postpone such an important issue for the deliberation of a Conference still a few months ahead is too serious a matter.

Further, the time required after a conference to put in operation the decisions of the conference presumably means more delay.

The fact that up to the present this year we have sent only three buyers to the European markets, where formerly at this time we had a great many of our buyers in the field, indicates how adversely this important part of our business has been affected. The accompanying memorandum will show the trend of our European purchases at selling prices since the year 1926.

It is significant to note that the year 1931, in relation to 1926, shows our British and European purchases have declined 30%, and in relation to the year 1928 we have a decline of $3,100,000 - almost 50%. It is because of the present indications that 1932 will show a further serious decline in relation to even 1931 that lead me to bring before you these striking facts, believing you will recognize the situation and consider immediate action necessary.

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Further, I attach a detailed statement for your personal use, showing the six weeks' trend in relation to those Departments where we have usually been privileged to enjoy a fair representation of merchandise from the many markets of the world.

The enclosed letter has just been received from our London (England) Manager.

It is now approaching the end of March. At this date the Order-in-Council setting forth $4.40 to the pound for the application for special duty expires. I am writing this urgent appeal in the hope that your Government will give notice that this special Order-in-Council is ended at the end of March.

As regards specific duties, I do trust these will also be eliminated.

All the facts which we have brought to your attention lead to the conviction that immediate action on the part of your Government would give an impetus to the general trade situation which would be most helpful in these very difficult times.

With sincere appreciate of your usual consideration,

Respectfully yours,

(signed) C. L. Burton.

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Memorandum from Mr. Burton to The Honourable R. B. Bennett, for enclosure in letter of this date.

In reviewing 1931 trading, and looking forward to 1932, we have been comparing as well as we may the present situation with our experience in 1920, 1921 and 1922.

Generally speaking, 1931 losses were due primarily to the acute re-adjustment of prices due to low commodity values. This corresponded generally with similar movements in 1920 and 1921.

The reduction in the consumers' spending power in recent months, which promises to continue through this year at least, is more severe than that of the period ten years ago.

The spectacular differences in the situation of more recent months, and which promises to be greatly accentuated in this year, are:-

1. The generally heavier burden of taxes, both local and Federal.

2. The heavier, and even prohibitive, imposts of the tariff.

Taxes must be raised and, while onerous, seem inevitable, and will be generally fairly cheerfully borne.

Tariff enactments insofar as they are needed to give the Canadian manufacturer first chance in his own market will not be challenged.

Imposts, however, of a more drastic character, which have the effect of closing one market after another, for reasons other than reasonable protection, are dangerous and paralysing, and none the less so to large groups of manufacturers than distributors like ourselves.

What we have to face in the year 1932 is the opposite of our situation in 1922.

In 1922, after having taken our medicine in the re-valuation of our inventories, etc., we were able to turn to the markets of the world and take advantage of the distress of other nations' producers by importing important volumes of acceptable merchandise which sold at a good profit.

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It should be remembered in this connection that these imports were spread over a large range of items.

Hundreds of interesting lines came from zones where hand industries prevail.

While it is undoubted that here and there shipments came in that Canadian manufacturers counted a disadvantage the fact remains that the aggregate of such competing lines was a small percentage of the whole.

I now come to a consideration which, whether it is realized or not, is of vital import to the Canadian manufacturer, namely, the supply of new ideas and designs.

One of the most obvious weaknesses in our present local production is the general failure of the Canadian manufacturer to step up his production and widen his range so as to reasonably fill the needs of our people.

This failure is due to several causes natural to the present situation, but the most obvious weakness is the lack of resources in new creations and designing ability.

I greatly sympathize with his situation because he is meeting with great obstacles when distributing his ordinary production.

Credit to small merchants has been restricted and the total volume of production is on the decrease rather than on the increase.

Their restricted range, due to inability to create new lines, is the greatest handicap.

In 1922 thousands of new ideas were his for the looking; these ideas were multiplied in the hands of his own production staff.

These ideas came from the importations of thousands of numbers, mostly imported in small quantities.

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Present specific duties, imposts from re-valuations, dumping duties, imposts from re-valuations of currencies, have the effect of shutting out new ideas.

The prohibition of such useful imports is playing hob with the whole structure of a business like ours, which for sixty years has built up its economy with reasonable freedom to use the markets of the world.

There is a spectacular difference between the situation presented in 1922 and that in 1932.

After 1922, we went forward and spent nearly $2,000,000 extending our premises in 1923. Contrast this with our present situation which threatens the whole structure of the business and dictates contraction retrenchment and retreat.

(signed) C. L. Burton.

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124901 t

Extract from letter dated March 8, 1932,
from The Robert Simpson Company Limited,
London, England.

"In view of the fact so many of the buyers will not be coming over this year, I am surprised we have not received orders from them on lines they ordinarily would be placing at this time.

There are many lines as you know, which are ordered on regularly from year to year, and while the unsettled tariff situation probably makes buyers uncertain and reticent to place orders, they are not in any different position from our competitors who will not be able to land goods any cheaper than we do.

To my mind, one thing is sure, there is nothing to be gained by waiting, and certainly prices are going to be higher, so there is considerable to lose.

I have been rather expecting to hear Mr. King would be sailing any time, but at the time of writing do not have any word. I do hope he is not considering passing up his trip this year, as I think this would be a big mistake.

With an important group of departments such as Mr. King has, I should think it would be felt essential he should come, and while orders can of course be placed with representatives of firms from here and Agents on the other side, this is not the same, and I know you agree with me in this, as the establishment of a personal contact with the principals of firms who are in a position to make concessions and do many things which their agents do not have the authority to do.

Personally I am extremely disappointed so many of the buyers, who have come previously, will not be coming this year, as I do not feel we are buying our merchandise to good advantage; however, I know on this point you thoroughly agree, and I do not want to tire you by reiterating my views on this subject.

I had expected they would be making shorter trips, and their purchases would be very much smaller, - but not cancelled."

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124901 u

Thelma Bay Wharf

April 4, 1932.

Mr. T. R. Meighen,
111 Mountain Hill,
Quebec, Que.

Dear Ted:

I have just written the Minister of Public Works to-day and enclose a copy of my letter. Please keep it on your personal file.

Yours very truly,

AM/E.

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Thelma Bay 2 Kaf

Dear Mr. Stewart: April 7, 1932.

I have your letter of 5th.

Please note that I have not made request that this item be at the present time included in supplementary estimates. My letter of 4th was to the effect that in my view the Department was not yet in a position either to accede to or decline the application, and that the subject was of sufficient importance from employment and trade standpoints to warrant early and careful enquiry.

I hope the Department will endeavour to get this enquiry made with the least possible delay.

Referring to the last paragraph of your letter, I would say that if the records of the Chief Engineer are, as he says, fairly complete, these records could not have been submitted to me.

Yours very truly,

Hon. H. A. Stewart,
Minister of Public Works,
Ottawa, Ontario.

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124901 W

CANADA

OFFICE OF THE MINISTER OF PUBLIC WORKS

Ottawa April 5, 1932.

Personal

Dear Senator Meighen,-

Please accept my thanks for your letter of 4th instant, setting forth your views in connection with Thelma Bay (Quetachu Bay).

This proposition, as you well know, came up very soon after the present administration came into power.

On making inquiries, I find that, in some cases, contributions had been made to the construction of wharves of this character, and in other cases, the parties interested carried the cost themselves.

As you know, the construction of a wharf for the accommodation of one company or corporation has been the subject of rather severe criticism in the House from time to time.

The amount involved in this case is large, and I think we should move very cautiously, particularly in view of the curtailment of revenues and the unsettled conditions of trade generally.

I was also of the opinion that, as ultimately the Company intended to finance this proposition, they might be able to do this in the first instance.

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The suggestion of securing full information is an excellent one, but the locality is remote, and as communication is by boat, at rather irregular intervals, this will take some time.

Under these circumstances, I fear that, while I have the item noted in connection with the supplementary estimates, it is not likely that it will survive the test to which estimates are submitted in these days.

I shall be pleased to discuss the matter further with you, and, in the meantime, have asked the Chief Engineer to see what can be accomplished towards securing further information, although he informs me that his records are fairly complete.

Yours sincerely

W A Buchanan

Right-Honourable Arthur Meighen,
The Senate
O t t a w a

eb

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124901 y

347 Bay Street,
Toronto, April 4, 1932.

PERSONAL

Hon. H. A. Stewart,
Minister of Public Works,
Ottawa, Ontario.

Dear Mr. Stewart:

I have brought home with me and am now returning the file you gave me regarding Thelma (Quetachu Bay) Wharf.

Naturally, while I cannot help being interested in any effort my son is making, I am particularly anxious that no application he may be pressing shall be granted to the cost of the Government, unless the reasons behind it are thoroughly valid.

My submission, after reading the file, is that the Department as yet is in no position to either refuse or grant the application.

The data furnished by the Company is quite extensive, if not indeed complete, and is I should think, as far as they could be called upon to go pending a worthwhile survey of the situation by the Department itself. So far as can be gleaned from this file, the adverse attitude of the Department is due to the report made by Mr. Spence, a Mining Engineer in the Mineral Resources Division of the Mines Department and submitted to your Department in the letter of the Deputy Minister of Mines dated April 17, 1931. My comment on this report of Mr. Spence is that it is about the last word in inadequacy. While admitting that Mr. Spence was not in a position to make any worthwhile report, never having been at the locality since 1912, and then having very clearly made only a cursory inspection, still the material adduced on behalf of the applicants is such as to require a vastly more thoroughgoing analysis of the situation at the present time.

Mr. Spence states in his opening sentences that only a small amount of development work had been done in 1912, and later he states that information has been received since that other bodies of better-grade Feldspar have been located to the North, upon which he has no reliable data. I have not myself read the two Departmental reports to which merely casual reference is made in the correspondence, but as there is no quotation in all the file from either one, I have no difficulty in concluding that they contain no information that at all meets the present needs.

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124901 2

Hon. H. A. Stewart,
Ottawa, Ontario.

In the fourth paragraph of his memorandum Mr. Spence further says that unquestionably a large tonnage of feldspar exists at this locality, but adds that whether it is of commercial grade or can be brought to commercial grade by some system of concentration or purification, he is not prepared to say. Is it not obvious that information on this point is the very essence of the whole case?

Quite a section of his memorandum is devoted to ridiculing the idea of selling between 500,000 and a million tons of feldspar per annum. In the body of the file there is some reference to a hope that these figures would be reached for feldspar and fertilizer combined, at some distant date, but, as the application before your Department plainly provides for capacity only for 100,000 tons of feldspar per year, and estimates sales over a period of five years to be sufficient to return the Department its share of the cost at the rate of 50¢ per ton exported, manifestly the Company is figuring only on sales averaging 80,000 tons per year for five years. In the light of these definite figure by the Company this portion of Mr. Spence's memorandum would appear not strikingly important.

At the close of the first paragraph of the memorandum it is stated that Mr. Melkman, who controlled the property in 1912, took considerable exception to Mr. Spence's statements. Rather than expose himself to the possibility of an adverse opinion on this controversy, Mr. Spence took the precaution of not informing us what the statements were.

May I respectfully suggest that this is a matter of real importance, as it involves a development of no small magnitude of labour-absorbing possibilities. It should be possible to have a competent engineer visit the premises and go thoroughly into the representations of the Company and make a report of an adequate and complete character upon which the judgment of the Department can with confidence depend. No doubt the applicants would gladly arrange to facilitate the investigation in every way. With much deference I suggest it should be done in time so that if a supplementary estimate is deemed wise it can be recommended.

In this connection it must also be remembered that contrary to the usual custom, the Department is in a position to bind the Company to spend, itself, coincidentally with expenditures by the Department, more than dollar for dollar of the public money provided, and may exact a bond that the Company's further obligations will be faithfully carried through.

Yours very truly,

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CANADA

124901 aa

347 Bay Street,
Toronto, April 4, 1932.

Arthur L. Smith, Esq.,
Chateau Laurier,
Ottawa, Ontario.

Dear Arthur:

I have now been able to read the full memorandum provided me with some emendations and annotations. Really it is hopeless. I am getting quite concerned about the progress and completion of the enquiry and the provision of material for the Senate Debate.

You have given me a summary of the evidence as respects Senator McDougald. Mr. Mann's summary is more extensive, but beyond that I do not want to speak in my letter. Would it be too much to ask you to extend the summary you have made so as to include anything of real value in what Mr. Mann has prepared, and to contain somewhat more extensive reference to evidence in support.

If a similar preparation could be gotten ready with respect to Senator Haydon, I would also feel a breat deal better.

As respects Senator Raymond, I thin what I have is probably going to be sufficient.

Then I suggest also that you arrange in some way so that Mr. Mann will work with Senator Tanner in the preparation of the Committee's Report. He could confer with you occasionally on the subject, especially as to general policy and form. I think the Committee's Report should contain a preliminary review of the historical facts carrying such review pretty far up to the present time. This report should then cover each Senator in turn and separately. At present it appears to me this would be the better way to have the question disposed of, rather than that the report should be made at different times.

Yours very truly,

AM/E.

Arthur Meighen.

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CANADIAN PACIFIC RAILWAY COMPANY'S TELEGRAPH

1249166

FORM T. D. 1 X

TELEGRAM

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MISS E M EDMONDSON

CANADIAN GENERAL SECURITIES LTD

347 BAY ST TORONTO ONT

1404

PLEASE SEND ME HERE TWO OF MY PHOTOGRAPHS FIRST MAIL

ARTHUR MEIGHEN

1212AM4

6.29a

Phoned

E.

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CANADA

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Day Message	
Day Letter	D L
Night Message	N M
Night Letter	N L

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W EVANS 21/9

CANADIAN GENERAL SECURITIES LTD 347 BAY ST TOR

CONDUCTOR EVEREST ON CANADIAN NATIONAL TRAIN ARRIVING TORONTO SEVEN FORTY STANDARD TIME HAS LETTER WITH KEY ADDRESSED TO YOU ARTHUR MEIGHEN.

Deliver Letter Key Whereas W. C. Stewart

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PUBLIC ARCHIVES
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CANADA

124901 dd

TELEPHONE INSTRUCTIONS FROM MR. MEIGHEN.

MEET THE 8.40 P.M. (~~STANDARD~~ daylights) C. N. R. TRAIN TO NIGHT AT UNION STATION AND GET ENVELOPE FROM CONDUCTOR. THIS ENVELOPE CONTAINS KEY TO MR. MEIGHEN'S HOUSE AND LETTER OF INSTRUCTIONS, ALSO LETTER TO MR. EVANS.

PRITCHARD TO GO TO HOUSE AND GET BLACK COAT AND BLACK VEST IN MR. MEIGHEN'S ROOM. MAIL TO-NIGHT SURE TO OTTAWA c/o SENATE.

per Osborne

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PUBLIC ARCHIVES
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CANADA

124901 ee

May 10, 1932.

Rt. Hon. Senator Arthur Meighen,
The Senate,
Ottawa, Ontario.

Dear Mr. Meighen:

In accordance with your telephone conversation to-day, I have instructed Mr. Pritchard to meet the 8.40 p. m. C. N. R. train from Ottawa. He will then get your coat and vest and mail them to you on the 11.45 p. m. train. Mr. Stewart will accompany Mr. Pritchard to your house, and I trust that the parcel will be delivered to you in good order.

Yours very truly,

E.

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PUBLIC ARCHIVES
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CANADA

12490 I ff

347 Bay Street,
Toronto, May 14, 1932.

Dear Mr. Lavergne:

I was not able to see you when you wanted me last week and you were busy when I tried to make connection later. Before leaving last night, I asked my Secretary, Mr. Hinds, to see you, explaining privately a personal situation which exists here.

Will be away next week, but will want to have a talk with you on my return.

Yours very truly,

Arthur Meighen

Hon. Armand Lavergne, K. C., M. P.,
House of Commons,
Ottawa, Ontario.

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PUBLIC ARCHIVES
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CANADA

Senate
re Conference
12480.1 99

T E L E G R A M

FROM: THE SECRETARY OF STATE FOR EXTERNAL AFFAIRS, CANADA.

TO: THE SECRETARY OF STATE FOR DOMINION AFFAIRS, LONDON.

No. 67

Code

Confidential

Ottawa, May 23, 1932.

His Majesty's Government in Canada have been considering the Agenda for the forthcoming Imperial Economic Conference, which it is understood will be confined to trade and currency matters of common interest to all of His Majesty's Governments. It is suggested that within these main divisions the subjects for consideration may conveniently be grouped under the following headings:-

A. Trade Questions

1. Examination of aspects of general trade and tariff policy and administration affecting intra-Empire trade, including inter alia the following subjects, which might be regarded as suitable for concerted action by means of multilateral or bilateral agreements:-

   (a) The application of the principle of reciprocal tariff preferences within the Commonwealth;

   (b) Extension of provisions of Agreements between two members of the Commonwealth to other members and whether this should be on conditional or unconditional basis;

   (c) Extension of Empire tariff preferences to "A" and "B" Mandated Territories administered by any of His Majesty's Governments;

   (d) Extension to other parts of the Commonwealth of tariff advantages accorded by any part to any foreign country;

   (e) Determination of percentage of Empire Content necessary to secure preferential tariff treatment;

   (f) Relation of direct shipment to tariff preferences;

   (g) Export bounties and anti-dumping duties within the Commonwealth;

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CANADA

12490 hh

(h) Simplification and standardization of certificates of origin, customs invoices and other customs formalities;

(i) Uniformity of Customs Nomenclature;

(j) The treatment of commercial travellers and their samples;

(k) Reciprocal recognition of official certificates of the immunity of plants, animals, and their products from pests and communicable diseases.

2. Commercial Treaty Policy with respect to foreign countries:

(a) Relation of inter-Imperial preferences to concessions to foreign countries;

(b) Commercial relations with Soviet Russia;

(c) Interpretation of most-favoured-nation clause, particularly with reference to the development of regional preferences and of systems of import quotas;

(d) The "Nevertheless" Clause in commercial treaties.

3. Inter-Imperial Transport and Communications:

(a) Merchant Shipping, including consideration of revised Merchant Shipping Acts;

(b) Postal Communications;

(c) Cable and Wireless Services;

(d) Radio Broadcasting.

4. Consideration of the appropriate basis for effecting co-operation in commercial intelligence and research.

B. Monetary and Financial Questions:

Consideration of the desirability and feasibility of taking steps to restore and stabilize the general price level and to stabilize exchange, including consideration of monetary standards.

On this question the Canadian Government are not yet in a position to present detailed proposals for the consideration of His Majesty's Governments in the other parts of the Commonwealth. They are convinced, however, that measures for the development of inter-Imperial trade must, to a considerable degree, be dependent upon the stabilization at appropriate levels of our several currencies. It is recognized that in some respects these questions will not admit of satisfactory settlement on exclusively Imperial lines. The Canadian Government, accordly, feel that it would be premature to proceed with detailed plans for concerted action in this field until it

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CANADA

is clear as to the policy which will be adopted at the coming Conference at Lausanne, where it is understood monetary questions will be considered.

C. Negotiation of definitive Trade Agreements:

It is understood that preliminary discussions, or exchanges of views, will take place between interested Governments in advance of the Conference.

His Majesty's Government in Canada would be glad to learn as soon as may be convenient whether His Majesty's Government in the United Kingdom concur generally in the agenda outlined above and whether there are other subjects they wish to see included in the list of subjects to be discussed. It would be appreciated if the views of the Government of India could also be obtained.

The Canadian Government suggest that an opening plenary meeting should be held on Thursday July 21st, and that, as in previous Imperial Economic Conferences, the proceedings should commence with statements by the Heads of the various delegations as to the general position on the main economic issues of common interest, followed by a general discussion of common economic problems. The Conference would then proceed to set up committees to deal in detail with such subjects as might be referred to them.

The Canadian Government desire to learn whether His Majesty's other Governments believe that arrangements with respect to publicity should follow those of previous Imperial Conferences.

It is understood that the publication of any part of the agenda should wait until receipt of replies from the several Governments of the Commonwealth make simultaneous publication possible. It is hoped that this may be found possible at an early date.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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Day Message	
Day Letter	D L
Night Message	N M
Night Letter	N L

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1932 MAY 24 PM 11 17

Senate

RA2 143 1/59 NL

TORONTO ONT 24

RT HON SENATOR MEIGHEN 218

SENATE CHAMBER OTTAWA ONT

WE ARE DISAPPOINTED AND WORRIED OVER FINANCE MINISTERS STATEMENT YESTERDAY REGARDING SALES TAX ON ICE CREAM STOP TODAYS BUYING PRICES ON DAIRY PRODUCTS LOWEST IN HISTORY OF INDUSTRY AND ALMOST EVERY DAIRY COMPANY STRUGGLING TO BREAK EVEN I FEAR THIS TAX WILL SERIOUSLY AFFECT OUR OWN ORGANIZATION STOP COMPETITION WILL NOT ALLOW US TO PASS THE TAX ON TO

FORM 6124

CLASS OF SERVICE	SYMBOL
Day Message	

Exclusive Connection

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FORM 6124

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RA2 2/84

CONSUMER AND NEITHER PRODUCER OR MANUFACTURER IS ABLE TO STAND IT STOP EVEN IF TAX REMAINS SURELY IT WILL BE CHANGED TO FOUR OR FIVE CENTS PER GALLON AS PERCENTAGE BASIS MOST UNFAIR TO MANY STOP HOPE TAX WILL BE WITHDRAWN ON FINISHED PRODUCTS WITH ALL COVERINGS TAXED WHICH WILL BE ALL THE INDUSTRY CAN STAND SORRY TO BOTHER YOU ON THIS BUT WILL APPRECIATE YOUR ASSISTANCE IF YOU FEEL OUR ARGUMENT IS SOUND THERE IS NO DOUBT MY MIND PRODUCER WILL BE AFFECTED

J A CAULDER.

FORM 6124

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CANADA

12490

DAIRY CORPORATION OF CANADA
LIMITED

HEAD OFFICE
80 KING STREET WEST

J. A. CAULDER,
PRESIDENT AND MANAGING DIRECTOR

TORONTO

May 31, 1932.

Rt. Hon. Senator Meighen,
347 Bay Street,
TORONTO, Ontario.

Dear Senator Meighen:-

I appreciate very much your letter of May 7th.

The new tax is a serious blow for ourselves and several other dairy companies in Canada. We are making an effort now to re-adjust our selling prices so that we can pass on a portion of the tax to the consumer but I doubt if we are going to be very successful. In Regina where we attempted to add the tax our customers got together and forced us to reduce the price 5¢ per gallon. I fear that this tax will cause several casualties in the dairy Industry this season unless it can be all passed on to the consumer or back to the producer because everyone is working on very small margins.

Your continued interest in this matter will be very greatly appreciated.

Yours very truly,

'RS J. A. CAULDER.

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CANADA

124901 mm

May 25, 1932.

Rt. Hon. Arthur Meighen,
The Senate,
Ottawa, Ont.

Dear Mr. Meighen:

The parcel about which you wrote me was picked up on a Sherbourne Street car and turned in to the T. T. C. office. Mr. Pritchard called for it this morning and I now have it here at the office.

Yours very truly,

E.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
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CANADA

124901 nn

THE SENATE
CANADA

Tuesday
24th May '32

Dear Miss Edmondson:

As usual I have left
Something behind.
I left a parcel of
Clothing (a white vest, Every day
Shirt - a pair (black sox) wrapped
in a brown paper; I may have
them left on a Shelbourne Street
Car when I got to Cor. York & Front
about 11.35 Sat night, or
at a restaurant (Bowles I think)
on Bay East near Front, where
I went for a glass of milk just
after or at the C P Ticket Office
Counter: I do not know which

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CANADA

2. It might indeed be all the C P Check Stand (upstairs) where I got my big grip before leaving. Please do trace it up and hold it for me! ~~Yours~~ Pritchard can get it - when on what luck you have.

Yours

Cecil Meighen

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CANADA

Senate 124901 80

347 Bay Street, Toronto.
June 4, 1932.

John J. Power, Esq., K. C.,
Halifax, N S.

Dear Mr. Power:

I have your letter of 1st June.

The question before the Senate at the time of Sir Allen Aylesworth's speech and of Senator Tanner's and of mine was whether or not the Senate should adopt the report of a Special Committee, which report reflected seriously on the conduct of two members of the Upper House.

By reason of the subject matter being confined as above set out, neither Senator Tanner nor myself treated in any way the subject of the powers of the Senate in respect of expulsion. Sir Allen Aylesworth devoted the larger part of his speech to this latter question, giving as his reason for doing so the fact that Senator Lynch-Staunton at a previous sitting in the same debate had expressed opinions thereon.

You will realize at once that the question of the Senate's power in expulsion of its members was wholly irrelevant to the subject matter of the debate. Personally I am disposed to disagree with Sir Allen Aylesworth's view of the law in this matter, and would have expressed my views the son had a further motion been deemed necessary.

I am asking my Secretary at Ottawa to send you two copies of my speech and also two copies of Senator Tanner's, although perhaps in view of the above, you may not find them useful.

Yours very truly,

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John J. Power K.C.

Halifax. Nova Scotia.

124901pp

347 Bay Street,
Toronto, June 4, 1932.

Memorandum to Mr. A. H. Hinds:

Will you kindly send to Mr. John J. Power, K. C., c/o City Club, Halifax, N. S., two copies of Mr. Meighen's speech on the Senate Report re Beauharnois and two copies of Senator Tanner's speech on the same subject.

Yours very truly,

E. Secretary.

A. H. Hinds, Esq.,
The Senate,
Ottawa, Ont.

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PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124901 pp

John J. Power K.C.

Halifax, Nova Scotia.

349 Bay Street,
Toronto, June 4, 1932.

Memorandum to Mr. A. H. Hinds:

Will you kindly send to Mr. John J. Power, K. C., c/o City Club, Halifax, N. S., two copies of Mr. Meighen's speech on the Senate Report re Beauharnois and two copies of Senator Tanner's speech on the same subject.

Yours very truly,

E. Secretary.

A. H. Hinds, Esq.,
The Senate,
Ottawa, Ont.

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PUBLIC ARCHIVES
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CANADA

124901 99

City Club
Halifax, N. S.

June 1st, 1932.

The Rt. Hon. Senator Meighan, K.C., P.C., LL.D.,
Toronto, Canada.

Dear Senator Meighan:

I recently obtained from Sir Allen Aylesworth two copies of his speech in the Senate on the Senator McDougall matter, which I wanted to paste in the advertising leaves of my "Todd on the British Colonies." I wanted to have his view on the constitutional questions involved.

I would like to ask you to favour me the next time you are in Ottawa by having your secretary get me two copies of your speech in the Senate on the matter, as I suppose being Government Leader, you went over the ground the same as Sir Allen did. I do not know whether Senator Tanner's speech covered the ground, but if it is not too much trouble, I would like to have two copies of his speech as well. The reason I want two copies of each speech is to provide for cutting purposes and pasting. I regard the matter as constitutionally epochal and I want to preserve it.

Hope that I am not putting you to too much trouble and am asking you to take your own time in sending them; and thanking you in advance.

Yours truly,

JOHN J. POWER.

JJP/BEM

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PUBLIC ARCHIVES
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CANADA

Senate 12490 JJ

347 Bay Street,
June 22, 1932.

Dear Sir:

I appreciate your letter of 20th June, and think it would be very appropriate that you should have a letter of thanks sent to Mr. W. A. MacLean. He is indeed the soul of hospitality. His address is simply New Albany, U. S. A., or if you desire a more correct address, telephone Robert Fleming of Chapel Street. Mr. Fleming's daughter is married to Mr. MacLean's son.

Yours very truly,

Arthur Meighen.

Mr. W. H. Measures,
Secretary,
Imperial Economic Conference 1932,
Ottawa, Ontario.

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124901 55

CANADA

IMPERIAL ECONOMIC CONFERENCE, 1932

GOVERNMENT HOSPITALITY COMMITTEE

OTTAWA, June 20, 1932.

Dear Sir,-

Doctor Skelton has referred to this Committee your letter of June 13, together with the enclosure of a copy of a communication from Mr. W.A. MacLean.

At a meeting of the Committee on Friday, I was instructed to express the cordial appreciation of the members of the Committee of Mr. MacLean's thoughtful offer of hospitality at his hunting and fishing outpost at Lake Desert.

Arrangements are now in hand to place facilities at a number of fish and game clubs at the disposal of the visiting delegates. The Committee welcomes Mr. MacLean's offer of hospitality. May I presume that Mr. MacLean may be communicated with at the address given in your letter: New Albany, Indiana, U.S.A.

Yours faithfully,

W.H. Measures

W.H. Measures,
Secretary.

The Rt. Hon. Senator Arthur Meighen, K.C.,
347 Bay Street,
Toronto, Ontario.

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PUBLIC ARCHIVES
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CANADA

12490 1 tt

Toronto, June 24, 1932.

Memorandum to Mr. Meighen:

OTTAWA APPOINTMENTS

1. See Mr. E. R. Bremner re Investment Trusts.
2. See Mr. Guthrie re Mr. Malcolm Stobie (letter attached)
3. " " " re Hubert Dunne " "
4. " " W. A. Gordon re L. G. Gravel " "
5. " Mr. W. J. Black of Montreal. if he is in Ottawa that day.
6. " Mr. Robert E. Sproule of Montreal. (letter attached)
7. Letters re Mrs. Gwen Ellis and Geo. A. Gazley are also enclosed herewith for your attention.

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PUBLIC ARCHIVES
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CANADA

124901 III
Conference

OFFICE OF
THE UNDER-SECRETARY OF STATE
FOR EXTERNAL AFFAIRS
CANADA

AH.

Read
15 July
A.H.

Ottawa, 2nd July, 1932.

My dear Mr. Meighen,

I am instructed by the Prime Minister to send you the documents noted in the enclosed list, which have been prepared for the consideration of the Government in connection with the Imperial Economic Conference.

Yours sincerely,

O.D. Skelton

The Right Hon. Arthur Meighen,
The Senate,
Ottawa.

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PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

12490.1 √√

CANADA

MB

IMPERIAL ECONOMIC CONFERENCE, 1932

GENERAL PREPARATORY COMMITTEE

OTTAWA, July 4th, 1932.

Memoranda
prepared by
The General Economic Committee
for the use of the
Canadian Delegation at the
Imperial Economic Conference.

Numbered copies of each of the under-mentioned documents are enclosed for the retention of the Rt. Hon. Arthur Meighen:

Imperial Preference in Government Contracts,	No.23;
Imperial Communications,	No.23;
Cartels and Empire Trade,	No.23;
Canada and Soviet Trade,	No.23;
Monetary Reconstruction,	No.29.

An acknowledgment of their receipt would be appreciated by the Chairman of the General Preparatory Committee.

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CANADA

[12490] WW

Read
15 July
A.M.H.

CANADA
J

IMPERIAL ECONOMIC CONFERENCE, 1932
GENERAL PREPARATORY COMMITTEE

OTTAWA, July 12th, 1932.

My dear Senator Meighen,

With further reference to my letter of July 2nd, I am instructed by the Prime Minister to send you the documents noted in the enclosed list, which have been prepared for the consideration of the Government in connection with the forthcoming Imperial Economic Conference.

Yours sincerely,

O. D. Skelton

Chairman, General Preparatory Committee.

Right Hon. Arthur Meighen,
The Senate of Canada,
O t t a w a.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124901 XX

July 12th, 1932.

Memoranda
prepared for the use of the
Canadian Delegation at the
Imperial Economic Conference.

Numbered copies of each of the undermentioned documents are enclosed for the Right Honourable Arthur Meighen:

Canadian direct shipment policy in its relation to Empire tariff preferences,	No. 20
Steamship services within the British Commonwealth,	No. 20
Imperial preferences and the marketing of Canadian products in foreign countries,	No. 20
Railway and ocean freight rates,	No. 20
Extension of preferences to Colonies and Mandated Territories,	No. 20
Export credits,	No. 20

An acknowledgment of their receipt would be appreciated by the Chairman of the General Preparatory Committee.

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CANADA

B24001 yy

July 16th, 1932.

Memoranda
prepared for the use of the
Canadian Delegation at the
Imperial Economic Conference.

Numbered copies of each of the under-mentioned documents are enclosed, with the compliments of the Chairman, General Preparatory Committee, for the Right Hon. Arthur Meighen:-

Memorandum on Wheat and Flour, No. 5..

Form of Commercial Treaties, No.20.

Value of Tariff Preferences between Canada and the United Kingdom, (Under separate cover).

Value of Tariff Preferences between Canada and the Irish Free State, No. 20.

Value of Tariff Preferences between Canada and the Union of South Africa, No. 20.

Report of the Tariff Preparatory Committee on preferences to be sought in the United Kingdom on Canadian goods.

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Reed 16 July 32 a.m.

CANADA

J

IMPERIAL ECONOMIC CONFERENCE, 1932

GENERAL PREPARATORY COMMITTEE

OTTAWA, July 13th, 1932.

My dear Senator Meighen,

With further reference to my letter of July 2nd, I am instructed by the Prime Minister to send you the documents noted in the enclosed list, which have been prepared for the consideration of the Government in connection with the forthcoming Imperial Economic Conference.

"Canada 1932" and "The Trade of Canada with British Empire countries and the United States" will be distributed to the members of the visiting Delegations.

Yours sincerely,

O. D. Skelton

Chairman, General Preparatory Committee.

Right Hon. Arthur Meighen,
The Senate of Canada,
O t t a w a.

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July 13th, 1932.

Memoranda
prepared for the use of the
Canadian Delegation at the
Imperial Economic Conference.

Copies of each of the under-mentioned documents are enclosed for the Rt. Hon. Arthur Meighen:

The Administration of the Canadian Customs Act and Canadian tariff in relation to Empire trade, No.20.

The Canadian Fuel Situation, No. 6.

The Trade of Canada with British Empire countries and the United States.

"Canada 1932".

An acknowledgment of their receipt would be appreciated by the Chairman of the General Preparatory Committee.

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124901 dc

Imperial Conference Senate

OFFICE OF
THE UNDER-SECRETARY OF STATE
FOR EXTERNAL AFFAIRS
CANADA

ET

CONFIDENTIAL

Ottawa, 8th July, 1932

My dear Mr.Meighen,

I am instructed by the Prime Minister to enclose herewith copy of the revised list of the Conference delegations and of the revised Conference agenda.

The list of members of the delegations is now practically complete except for Newfoundland. It includes full details as to ladies and others attending, some of which will be omitted in the copies which will be given to the press next week.

The agenda as revised conforms to the suggestions of omission or addition made by all the Governments concerned. It has been approved by all the Governments except that of South Africa, from which a reply is expected shortly. It is hoped that it will be possible to publish it simultaneously in the different parts of the Empire next week.

Yours sincerely,

O.D. Skelton

The Rt.Hon.Arthur Meighen,

Toronto,

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124901 ad

Telegram sent to His Majesty's Governments in the United Kingdom, the Irish Free State, the Union of South Africa, Newfoundland, Australia, New Zealand, Southern Rhodesia and the Government of India.

No.

CODE

Ottawa, 2 July, 1932.

CONFIDENTIAL

IMMEDIATE

In order to meet, as far as possible, the views expressed by the other Governments of the Commonwealth, which have indicated that the draft Agenda, as first suggested, was somewhat broader than they desired to Discuss at the forthcoming Conference, and to conform to the generally expressed desire that the Conference should be a short one, His Majesty's Government in Canada suggest that the draft Agenda be modified to read as follows:-

A. General Trade Questions

1. Examination of aspects of general trade and tariff policy and administration affecting Empire trade, including, inter alia, the following subjects:-

(a) Recognition of the principle of reciprocal tariff preferences within the Commonwealth;

(b) General application of existing and future tariff preferences within the Commonwealth;

(c) Extension to other parts of the Commonwealth of tariff advantages accorded foreign countries;

(d) Determination of percentage of "Empire Content" necessary to secure preferential tariff treatment;

(e) Export bounties and anti-dumping duties within the Commonwealth.

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2. Commercial Treaty Policy with respect to foreign countries, including, inter alia:-

(a) Relation of inter-Imperial preferences to concessions to foreign countries;

(b) Interpretation of most-favoured-nation clause, particularly with reference to the development of regional preferences and of systems of import quotas.

3. Consideration of the appropriate basis and means of effecting inter-Imperial economic co-operation, including review of existing agencies, examination of the report of the Imperial Economic Committee on Industrial Co-operation, and discussion of communications and of research and standardization.

B. Monetary and Financial Questions:

Consideration of existing inter-relationships of the various currencies and monetary standards of the Empire, and of the desirability and feasibility of taking steps to restore and stabilize the general price level and to stabilize exchange.

C. Negotiation of Trade Agreements:

With reference to the above draft Agenda, three points may be noted:

(1) It is understood that, while not mentioned nominatum, commercial relations with the U.S.S.R. may be discussed under A-2.

(2) In view of the generally expressed opinion that it is not desirable to attempt a survey of the whole field of communications and transportation, it has been considered sufficient to insert the term "communications"

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in the reference, to make it possible to deal with air communications and any other non-technical aspect that may be found desirable to include, films may also be included under this general heading;

(3) With regard to B, the reference has been revised to include part of the suggestion made by His Majesty's Government in the United Kingdom, but as regards the remainder, it has been thought advisable to retain the somewhat wider terms of the original draft. The possibility which has since arisen of a world conference being held later in the year, with stabilisation of commodity prices as one of its main subjects, appears to increase the advisability of a discussion on this subject by the Commonwealth Governments beforehand. His Majesty's Government in Canada recognize the difficulty of securing effective action, but believe that the important bearing of price and exchange levels on the development of imperial as well as of international trade warrants at least a preliminary consideration of objectives and policies.

It is desired to emphasize, however, that these notes are intended merely as suggestions, for it is the hope of His Majesty's Government in Canada that Conference arrangements may be kept as flexible as possible in order to facilitate the consideration and despatch of business and to afford the greatest convenience to all the visiting delegations.

As soon as the views of His Majesty's Governments on the proposed revision have been received, we shall suggest an early date for simultaneous publication.

SECRETARY OF STATE FOR EXTERNAL AFFAIRS.

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CONFIDENTIAL Corrected to July 8/32. 124901 ag

IMPERIAL ECONOMIC CONFERENCE, 1932.

PRELIMINARY LIST OF MEMBERS OF DELEGATIONS.

UNITED KINGDOM.

(A) DELEGATES AND PERSONAL STAFF.

x The Rt.Hon.Stanley Baldwin, P.C., M.P., Lord President of the Council.

Personal Staff:

Private Secretaries: x Sir Geoffrey Fry, Bt, C.B., C.V.O.
x Mr. Geoffrey Lloyd, M.P.

Personal Assistants: x Miss M.E.Brasnett.
x Miss K.I.Hancock.

x The Rt.Hon.Neville Chamberlain, P.C., M.P., Chancellor of the Exchequer.

Personal Staff:

x Private Secretary: Mr.J.D.B.Fergusson.
x Personal Assistant: Miss R.Culhane.

x The Rt.Hon.J.H.Thomas, P.C., M.P., Secretary of State for Dominion Affairs.

Personal Staff:

Private Secretaries: x Mr.C.G.L.Syers
x Mr.J.P.L.Thomas, M.P.

Personal Stenographer: x Miss E.M.Chalk.

x The Rt.Hon.The Viscount Hailsham, P.C., Secretary of State for War.

x The Rt.Hon.Sir Philip Cunliffe-Lister, P.C., G.B.E., M.C., M. Secretary of State for the Colonies. M.P.

Personal Staff:

x Private Secretary: Capt.T.L.Dugdale, M.P.
x Personal Stenographer: Miss K.M.Carr.

x The Rt.Hon.Walter Runciman, P.C., M.P. President of the Board of Trade.

Personal Staff:

x Private Secretary: Mr.W.B.Brown, C.B.E.
x Personal Stenographer: Miss C.Davis

x The Rt.Hon.Sir John Gilmour, Bt., P.C., D.S.O., M.P. Minister of Agriculture and Fisheries.

Personal Staff:

x Private Secretary: Mr.D.E.Vandepeer
x Personal Stenographer: Miss F.E.Barnett.

x Sailing by "Empress of Britain" from Southampton, July 13th.

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(B) IN CHARGE OF PUBLICITY ARRANGEMENTS FOR THE UNITED KINGDOM DELEGATION.

124901 a h

x Mr.Malcolm MacDonald, M.P.,
Parliamentary Under-Secretary of State for Dominion Affairs.

(C) ADVISERS.

x The Rt.Hon.H.M.Pollock, P.C., M.P., Minister of Finance. Northern Ireland.
(For Northern Ireland questions).

Sir William Clark, K.C.S.I., K.C.M.G., High Commissioner for the United Kingdom in Canada.
(Will not require hotel accommodation).

x Mr.R.N.Kershaw, For financial questions.

Industrial Advisers.

x Sir Gilbert Vyle. (Association of British Chambers of Commerce).
x The Rt.Hon.Lord Weir, P.C. (Federation of British Industries).
x Sir Alan Anderson, K.B.E. (Chamber of Shipping of the United Kingdom).
o Mr.J.Bromley (Chairman, Trades Union Congress General Council).
o Mr.W.M.Citrine (General Secretary, Trades Union Congress General Council).
x Sir Edward Davson, Bt. (For Colonial Trade matters).
x Sir Douglas Newton, K.B.E., M.P. (For agricultural questions).

DEPARTMENTAL ADVISERS.

x Sir H.J.Wilson, K.C.B., C.B.E., Chief.Industrial Adviser to H.M.Government in the United Kingdom.

TREASURY

x Mr.F.Phillips, C.B., Under-Secretary, Treasury.

BOARD OF INLAND REVENUE

Sir Percy Thompson, K.B.E., C.B., Deputy Chairman, Board of Inland Revenue.
(At present in Newfoundland; may be summoned to Ottawa in the event of discussions on double taxation).

BOARD OF CUSTOMS AND EXCISE.

o Mr.C.J.Flynn, Assistant Secretary.

DOMINIONS OFFICE.

x Sir E.J.Harding, K.C.M.G., C.B., Permanent Under-Secretary of State.

x Mr.G.G.Whiskard, C.B., C.M.G., Assistant Under-Secretary of State.

x Sailing by "Empress of Britain"
o Sailing by "Laurentic" from Liverpool, July 8th, 1932.

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The United Kingdom

Foreign Office.

o Mr.H.O.Chalkley, C.M.G., C.B.E.
Commercial Counsellor, H.B.M. Embassy, Washington.

o Mr.F.T.A.Ashton-Gwatkin, First Secretary.

Colonial Office.

x Mr.G.L.M.Clauson, O.B.E., Principal.

Board of Trade.

x Sir H.Fountain, K.C.M.G., C.B., Second Secretary.
o Mr.H.F.Carlill, Assistant Secretary.
x Mr.F.A.Griffiths, M.C., Principal.
x Mr.E.Hale, Principal.
% Mr.F.H.Taylor, Chief Staff Officer.
% Mr.T.H.Hammond, Higher Clerical Officer.

Department of Overseas Trade.

x Mr.E.R.Eddison, C.B., C.M.G., Deputy Comptroller-General.
o Sir T.M.Ainscough, Kt., C.B.E., Senior Trade Commissioner in India.
Mr.F.W.Field, Senior Trade Commissioner in Canada.
Mr.R.W.Dalton, C.M.G., Senior Trade Commissioner in Australia.
o Mr.N.Elmslie, Senior Trade Commissioner in the Union of South Africa.
$ Mr.L.A.Paish, O.B.E., Trade Commissioner in New Zealand.

Empire Marketing Board.

o Sir S.G.Tallents, K.C.M.G., C.B., C.B.E., Secretary.

Ministry of Agriculture and Fisheries

and Department of Agriculture for Scotland.

x Sir C.J.Howell Thomas, K.C.B., C.M.G., Permanent Secretary.
x Sir Robert Greig, M.C., Secretary, Department of Agriculture for Scotland.
o Mr.H.L.French, C.B., O.B.E., Principal Assistant Secretary.
o Mr.A.W.Street, C.I.E., M.C., Principal Assistant Secretary.
Mr.C.Le Maistre, C.B.E., Director and Secretary, British Standards Institution.

o Sailing by "Laurentic" from Liverpool, July 8.
Will travel from Australia to Ottawa via Vancouver.
x Sailing by "Empress of Britain".
$ Will travel from New Zealand to Ottawa via Vancouver.
% Sailing by "Alaunia" from Southampton, July 9.

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The United Kingdom.

(D) SECRETARIAT TO THE DELEGATION

Secretary to Delegation.

x Mr.R.B.Howorth, C.B., C.M.G., Deputy Secretary, Cabinet Office.

Assistant Secretaries to Delegation

x Mr.A.E.Overton, M.C. (Assistant Secretary, Board of Trade.)
£ Mr.P.Liesching, C.M.G., (Principal, Dominions Office)
% Mr.S.T.Houghton (Principal, Ministry of Agriculture and Fisheries).
% Mr.R.J.W.Stacy (Assistant Principal, Board of Trade)

Accountant

o Mr.V.H.Boyse, M.B.E., Accountant, Dominions Office.

(E) STAFF

£ Chief Clerk Mr.A.G.Banks (Cabinet Office).
x Personal Stenographer to Secretary Miss E.P.N.Keenan (Cabinet Office)

Clerical Officers

% Mr.C.H.Whittington-Ince (Cabinet Office)
£ Mr.G.A.Oliver (Dominions Office)
% Mr.J.H.Monkhouse (Board of Trade)
x Miss H.V.E.Lupton (Board of Trade)
% Mr.H.J.Ellner (Ministry of Agriculture and Fisheries)

Cypher Clerks

% Mr.M.A.Willis (Dominions Office)
x Mr.A.G.White " "

Typing Section

o Supervisor: Miss D. Brown (Cabinet Office)

Shorthand Typists

o Miss C.I.Murray (Cabinet Office)
o Miss M.A.Simms " "
o Miss J.E.Ayres " "
% Miss E.Sprott (Dominions Office)
% Miss W.F.Jenkin " "
% Miss D.L.Asbury (Board of Trade)
% Miss D.L.Chilley " "
% Miss M.D.Davies (Ministry of Agriculture and Fisheries)
% Miss C.McD.Fenby " " " "
Mrs.M.Smith, Office of the Senior Trade Commissioner, Montreal.
Miss A.B.Roston, Office of the Senior Trade Commissioner, Toronto.

The following are already resident in Ottawa:-

Mrs.L.Clipsham
Miss D.Dawson.
Miss R.Farman
Miss M.Bolus

Copying Typists

o Miss F.Lessels (Cabinet Office)
% Miss L.R.Burgess (Dominions Office)
% Miss M.K.P.Mair (Board of Trade)
% Miss J.J.Mackie (Ministry of Agriculture and Fisheries)

x Sailing by "Empress of Britain"
o Sailing by "Laurentic" from Liverpool, July 8.
% Sailing by "Alaunia" from Southampton, July 9.
£ Sailing by "Letitia" from Liverpool, July 2.

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UNITED KINGDOM

Roneo Operators

% Miss H.M. Taylor (Cabinet Office)
% Miss A. Stroud (Cabinet Office)
% Miss F. Watts (Stationnery Office)

Messengers

£ Mr. A.G. Odell (Cabinet Office)
x Mr. J.H.G. Carter (Treasury)
x Mr. W.C. Eglinton (Dominions Office)
x Mr. C.W. Silsbury (Privy Council Office)
And in addition 2 messengers already resident in Ottawa.

% Sailing by "Alaunia" from Southampton, July 9.
£ Sailing by "Letitia" from Liverpool, July 2.
x Sailing by "Empress of Britain"

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A N N E X

LISTS OF PERSONS ACCOMPANYING THE UNITED KINGDOM DELEGATION IN AN UNOFFICIAL CAPACITY.

"A" ACCOMPANYING MINISTERS.

x Mrs. Baldwin.....Accompanying Mr. Baldwin.
x Miss Jackson.....Accompanying Mr. Baldwin.
(Mrs. Baldwin's Secretary)
x Mrs. Baldwin's Maid.....Accompanying Mr. Baldwin.
@ Mrs. Thomas.....Accompanying Mr. Thomas.
@ Mr. T. Thomas.....Accompanying Mr. Thomas.
x Viscountess Hailsham.....Accompanying Viscount Hailsham.
x Mrs. Runciman.....Accompanying Mr. Runciman.
x Capt. Gordon Munro, M.C.....Accompanying Mr. Baldwin.
x Viscount Hitchingbrooke.....Accompanying Mr. Baldwin.
(Private Secretary to Mr. Baldwin)
x Major G.J. Ball, O.B.E.....Accompanying Mr. Baldwin.
o Capt. Alan Graham.....Accompanying Viscount Hailsham.
(Personal Private Secretary to Viscount Hailsham)
x Major A.J. Muirhead, M.C., M.P....Accompanying Sir John Gilmour.
(Parliamentary Private Secretary to Sir John Gilmour)
Lady Clark.....(will not require hotel accommodation)

"B" ACCOMPANYING NON-DEPARTMENTAL ADVISERS

x Lady Newton.....Accompanying Sir Douglas Newton.
Mr. Milne Bailey.....Accompanying Mr. J. Bromley.
(Secretary to Mr. J. Bromley)
Miss McDonald.....Accompanying Mr. W.M. Citrine.
(Secretary to Mr. W.M. Citrine)

"C" ACCOMPANYING DEPARTMENTAL ADVISERS AND PRIVATE SECRETARIES

The Hon. Lady Fry)
Miss Fry) For a few days from about the
Miss Guthrie) 2nd August.
Miss Howell Thomas.....From about mid-August.
Mrs. French.....From the 17th July.
Mrs. Paish.....For three days from about the 21st July.
Mrs. Field.....Accompanying Mr. F.W. Field.

x Sailing on the "Empress of Britain"
o Sailing by the "laurentic" from Liverpool July 8th.
@ At present en-route to Montreal.

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NORTHERN IRELAND

The following will be in Ottawa at the expense of the Government of Northern Ireland.

o Sir Basil Brooke, Bt.,C.B.E.,M.C.
Lady Brooke.

Senator Dudley McCorkell.
Mrs. McCorkell.

Mr. Lewis Grey.

Mr. Scott, Ministry of Commerce.

Mr. Scott Robertson, Ministry of Agriculture.

Mr. Cook, Private Secretary to Rt. Hon. H.M. Pollock.

o Sails "Laurentic" July 8th.

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COMMONWEALTH OF AUSTRALIA

(Sailing by "Aorangi" due Vancouver July 15th.)

The Rt.Hon. Stanley M. Bruce, P.C.,C.H.,M.C., Assistant Treasurer.

The Hon. H.S. Gullet,M.P., Minister of State for Trade and Customs.

ADVISERS AND STAFF

Dr. A.E.V. Richardson, Professor of Agriculture, University of Adelaide.
Mr. E.A. Abbott, Deputy Comptroller-General, Department of Trade and Customs.
$ Mr. F.L. McDougall,C.M.G., High Commissioner's Office,London.
$ Mr. L.R. Macgregor, Australian Trade Commissioner in Canada.
Mr. J.F. Murphy, Prime Minister's Department, Secretary of Delegation and to Mr. Bruce.
Mr. L.E. Stevens, Department of Commerce.
Mr. C.B. Carter, Department of Commerce.
Mr. A.C. Moore, Department of Trade and Customs.
Mrs. F.M. Grant, Private Secretary to Minister of Trade and Customs.
Stenographers from Trade Commissioner's Office in Toronto.
Miss Daisy Duggan.
Miss Edelweiss J.P. Morrison.

A N N E X

List of persons accompanying the Australian Delegation in an unofficial capacity.

"A" accompanying Ministers.

Mrs. Stanley M. Bruce.....accompanying...Mr. Bruce.
Mrs. H.S. Gullett.....".....Mr. Gullett.

"B" accompanying Advisers & Staff.

Mrs. Richardson.....accompanying....Dr. Richardson.
Mrs. Abbott.....".....Mr. E.A. Abbott.
$ Mrs. Macgregor.....".....Mr. L.R. Macgregor.
Mrs. Murphy.....".....Mr. J.F. Murphy.

"C" Business Consultants to official delegation who are travelling at their own expense and will not be guests to the Government of Canada.

Hon. W.C. Angliss, Member of Legislative Council
Mrs. Angliss
Miss Angliss
Mr. S. McKay, Association of Manufacturers of Australia.
Mrs. S. McKay.
Mr. R.W. Knox, Melbourne Chamber of Commerce.
Mr. F.H. Tout, Graziers' Association.
Mr. H.W. Osborne, Dairy Produce Control Board.
Mr. L.H. Pike, Acting Agent General of Queensland in London.
Mr. Chas. McNeil, Australian Sugar Producers Association.
Mr. H.E. Laffer, Wine Overseas Marketing Board in London.
Mr. Salter, Wine Overseas Marketing Board in London.
ϕ Mr. M.B. Duffy, Dir. of Commonwealth Bank and rep. Labour Unions.

The Prime Minister of Australia asks that hotel accommodation near the rooms of the official delegation be reserved for Mr. Gordon Gilmour, general representative of the Australian Press.

$ Will join Delegation at Vancouver.
# Will arrive Ottawa from England before Conference.
ϕ Will be guest of Government of Canada.

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[12490] ao

NEW ZEALAND

(Sailing by "Aorangi" due Vancouver July 15)

The Rt.Hon. J.G. Coates, M.C., Minister of Public Works.

The Hon. W. Downie Stewart, Minister of Finance and Customs.

OFFICIAL STAFF

Mr. A.D. Park, C.M.G., Secretary to Treasury, Secretary of Delegation.
Dr. G. Craig, C.M.G., Comptroller of Customs.
Mr. T.R. Aickin, Private Secretary to the Hon. W.D. Stewart.
Dr. R.M. Campbell, Private Secretary to the Rt.Hon.J.G. Coates.
Mr. J.W. Collins, New Zealand Trade Commissioner at Toronto.

Stenographer
Miss Mackenzie.

ANNEX

List of persons accompanying the New Zealand Delegation in an unofficial capacity.

"A" accompanying Ministers.

Mrs. Coates.....accompanying....Mr. J.G. Coates.
Miss Downie Stewart(sister)..".....Mr. W.D. Stewart.
W.S. Armitage, personal attendant to Mr. W.Downie Stewart.

"B" accompanying official staff.

Mrs. Craig.....accompanying.....Dr. G. Craig,C.M.G.
Miss Craig.....".....Dr. G. Craig,C.M.G.
Mrs. J.W. Collins.....".....Mr. J.W. Collins.

"C" Business advisors to official delegates and staff to business advisors who are travelling at their own expense and will not be guests of the Canadian Government.

Mr. D. Jones, representing New Zealand Meat Producers Board.
Mr. W. Goodfellow, New Zealand Dairy Produce Board and Honey Board.
Sir Francis Boys, K.B.E., New Zealand Farmers' Union.
Lady Boys.
Mr. H.E. Napier, New Zealand Fruit Board.
Mr. G.W. Reid, New Zealand Manufacturers Association.
Mrs. Reid.
Mr. F.O. Hamilton, New Zealand Tobacco and Hop Growers.
Mr. R. Forsyth, London Manager of New Zealand Meat Board.
Mr. H.E. Davis, London Representative of New Zealand Dairy Board.

All personnel with the exception of Boys, Collins, Forsyth, and Davis, travelling from New Zealand on board "Aorangi" leaving Auckland for Vancouver, 28th June, thence C.P.R. to Ottawa.

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UNION OF SOUTH AFRICA

124901 ap

(Sailing from Southampton per "Empress of Britain" July 13)

The Hon. N.C. Havenga, M.P. Minister of Finance.

The Hon. P.G.W. Grobler, M.P., Minister of Lands.

The Hon. A.P.J. Fourie, M.P., Minister of Mines and Industries.

Advisers

Mr. J.D. Heddon, Commissioner of Customs and Excise.

Dr. J.E. Holloway, Director of Consus and Statistics.

Dr. G.S.H. Rossouw, Member of the Board of Trade and Industries.

Mr. F.P. van den Heever, Secretary of Justice, Legal Adviser.

Mr. H.J. Lenton, Postmaster General.

Dr. P.R. Viljoen, Under Secretary of Agriculture.

Staff

Mr. G.P. Jooste, Private Secretary to the Minister of Finance.

Mr. G.E. Verster, Private Secretary to the Minister of Lands.

Mr. M.L. de Waal-Davies, Private Secretary to the Minister of Mines and Industries.

Mr. Von Eden, Department of Customs and Excise.

Miss M.M. Viljoen, Department of Mines and Industries.

Miss E. Wolff, Department of Lands.

Miss R.M. Cronje, Department of Finance.

ANNEX

LIST OF PERSONS ACCOMPANYING THE SOUTH AFRICAN DELEGATION IN AN UNOFFICIAL CAPACITY

"A" ACCOMPANYING MINISTERS.

Mrs. Havenga	Accompanying Mr. N.C. Havenga.
Mrs. Grobler	Accompanying Mr. P.G.W. Grobler.
Mrs. Fourie	Accompanying Mr. A.P.J. Fourie.
Miss Fourie	Accompanying Mr. A.P.J. Fourie.

"B" TECHNICAL NON-OFFICIAL ADVISERS NOMINATED BY THE ORGANIZATIONS INDICATED. THEY WILL BE IN OTTAWA AT THEIR OWN EXPENSE AND WILL NOT BE GUESTS OF THE GOVERNMENT OF CANADA.

Mr. R. Stuttaford, M.P.	Association of Chambers of Commerce.
Mr. W.A. Martin,	Association of Chambers of Commerce.
Mr. H.J. Laite,	Federated Chambers of Industry.
Mr. A.B. Allan,	Agricultural Union.
Mr. C.Heaton Nicholls, M.P.	Agricultural Union.
Senator J.P. Malan,	Co-operative Wine Growers Association.
Mr. W.E.R. Edwards,	Sugar Association.
Mr. P.M. Anderson,	Gold Mining Industry.

NEWFOUNDLAND

Three Ministers.

Three Advisers.

Four other staff.

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IRISH FREE STATE.

DELEGATES

Mr. Sean T. O'Kelly, T.D., Vice President of Executive Council, Minister for Local Government, and Public Health, Head of Delegation.

Mr. Sean Lemass, T.D., Minister for Industry and Commerce.

Dr. James Ryan, T.D., Minister for Agriculture.

ADVISERS.

EXTERNAL ADVISERS (2)

Senator T. Johnson, Labour Adviser.

Mr. Joseph Brennan, Chairman, Currency Commission, Currency Adviser.

OFFICIAL ADVISERS (4)

Mr. J.J. McElligott, Secretary, Department of Finance.

Mr. Sean Moynihan, Secretary, Executive Council.

Mr. J.P. Walshe, Secretary, Department External Affairs.

Mr. J.W. Dulanty, C.B., C.B.E., High Commissioner in Great Britain.

Mr. F.J. Mezrick, Secretary, Department of Agriculture.

EXPERTS (4)

Mr. T. Clery, Revenue Commissioner.

Mr. D. Twomey, Department of Agriculture.

Mr. J.B. Connell, Trade and Industries Branch, Department of Industry and Commerce.

Mr. R.C. Geary, Statistics Branch, Department of Industry and Commerce.

SECRETARIAT TO DELEGATION

Mr. J.V. Fahy, Department of External Affairs, Secretary to the Delegation.

Mr. F.H. Boland, Legation, Paris.

STAFF

Misses S.G. Murphy
M. Mooney
K. Kelly.

The Irish Free State Delegation will travel on the "Laurentic" arriving Montreal, 16th July, 1932.

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INDIA.

Sir Atul C. Chatterjee, K.C.S.I.,K.C.I.E.,I.C.S. Member of Council for India Office.

Sir George Rainy, K.C.S.I.,K.C.I.E.,I.C.S., late member of Council of Governor-General of India.

Sir Padamji Pestonji Ginwala, Kt.

Mr. R.C.K. Shanmukham Chetty, M.L.A.

Seth Haji Abdullah Haroon, M.L.A.

Sahibzada Abdul Samad Khan.

Sir Henry Strakosch, G.B.E.

Sir George Schuster, K.C.S.I.,K.C.M.G.,C.B.E.,M.C.

ADVISER AND SECRETARY OF DELEGATION

Mr. H.A.F. Lindsay, C.I.E.,C.B.E.,I.C.S.

ADDITIONAL ADVISERS (3)

Mr. B.C. Burt, C.I.E.,M.B.E.

Sir Samuel Smyth, K.C.I.E.,C.S.I.,I.C.S.

Mr. E.J. Turner, C.B.E., Assistant Secretary, India Office.

ASSISTANT SECRETARY TO DELEGATION

Mr. W. Marlow.

ASSISTANT SECRETARY

Mr. E.H. Thompson, M.C.

PRIVATE SECRETARY TO SIR ATUL CHATTERJEE

Miss E.H. Wildman.

SECRETARY TO SIR GEORGE SCHUSTER.....

ANNEX

List of persons accompanying the Indian Delegation in an unofficial capacity.

"A" accompanying Ministers

Lady Chatterjee accompanying Sir Atul C. Chatterjee.
Lady Ginwala....will arrive later.
Mrs. Haroon.....accompanying Seth Haji Abdullah Haroon.
1 daughter (aged 18)
1 son (aged 16)

"B" accompanying Advisers

Lady Smyth.....accompanying....Sir Samuel Smyth.
Mrs. Turner..... " ....Mr. E.J. Turner.
Miss Turner..... " ....Mr. E.J. Turner.

Indian Delegation sailing on "Empress of Britain" July 13th, disembarking Quebec except Mrs. and Miss Turner who are sailing on "Laurentic" 8th July, disembarking Montreal.

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SOUTHERN RHODESIA

(as observers)

The Hon. H.W. Moffatt, C.M.G.,M.L.A. Premier.

The Hon. P.D.L. Fynn, C.M.G.,M.L.A. Treasurer.

ADVISERS

The Hon. J.W. Downie, C.M.G., High Commissioner for Southern Rhodesia at London.

STAFF

Mr. T.G. Gibson, Government Statistician.

Major F.M.C. Stokes, Private Secretary to the Prime Minister.

Mr. H.F. MacLachlan, Southern Rhodesian Customs.

Miss J. Gossip, Stenographer.

The Southern Rhodesian Delegation will disembark from the "Duchess of Richmond" at Montreal, about 16th July, 1932.

GOVERNMENT HOSPITALITY COMMITTEE.

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IMPERIAL ECONOMIC CONFERENCE -- 1932.

13

DRAFT MINUTES of a meeting of Heads of Delegations and other Delegates, held in Room 216, Parliament Buildings, Ottawa, on July 22nd, 1932, at 10:45 A.M.

(Note:- Secretaries of Delegations are requested to notify the Secretariat within three days of any revisions.)

P R E S E N T

MR. BENNETT (in the chair)

CANADA

Mr. Guthrie
Mr. Stevens
Dr. Manion
Mr. Ryckman
Mr. Cahan

UNITED KINGDOM

Mr. Baldwin
Mr. Chamberlain
Mr. Thomas
Lord Hailsham
Sir Philip Cunliffe-Lister
Mr. Runciman
Sir J. Gilmour

AUSTRALIA.

Mr. Bruce
Mr. Gullett

NEW ZEALAND.

Mr. Coates
Mr. Stewart.

SOUTH AFRICA

Mr. Havenga
Mr. Grobler
Mr. Fourie

IRISH FREE STATE.

Mr. O'Kelly
Mr. Lemass
Dr. Ryan

NEWFOUNDLAND

Mr. Emerson

INDIA

Sir Atul Chatterjee

SOUTHERN RHODESIA

Mr. Moffat
Mr. Fynn

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ADVISERS AND SECRETARIAT.

CANADA

Mr. Finlayson, Mr. Robertson.

UNITED KINGDOM

Sir H. Wilson, Mr. Howorth, Mr. Overton.

AUSTRALIA

Mr. Murphy.

NEW ZEALAND

Mr. Park, Dr. Campbell.

IRISH FREE STATE

Mr. McElligott, Mr. Moynihan, Mr. Walshe.

CONFERENCE SECRETARIAT.

Dr. Skelton, Mr. Wrong and Mr. Pearson.

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SERVICE OF COMMITTEES

1. It was agreed that when the representative of any delegation on any committee was unable to be present at a meeting of the committee he could be represented by another delegate or by an adviser from the permanent Civil Service. Civil Servants, however, should not be nominated as full members of Committees.

APPOINTMENT OF COMMITTEES

2. The following representatives were named on the five committees which it had been agreed to set up at the first meeting of the Heads of Delegations on July 21st.

1. COMMITTEE ON PROMOTION OF TRADE WITHIN THE COMMONWEALTH

CANADA

Messrs: Bennett, Meighen, Rhodes, Stevens, Manion, Cahan and Weir.

UNITED KINGDOM

All Delegates

AUSTRALIA

Both Delegates

NEW ZEALAND

Both Delegates

SOUTH AFRICA

All Delegates

IRISH FREE STATE

All Delegates

NEWFOUNDLAND

Both Delegates

INDIA

Sir Atul Chatterjee, Sir George Rainy Sir Padamji Pastonji Ginwala, Mr. Shanmukhan Chetty, Seth Haji Abdullah Haroon, Sahibzada Abdus Samad Khan.

SOUTHERN RHODESIA

Both Delegates

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2. COMMITTEE ON CUSTOMS ADMINISTRATION

CANADA	Mr. Ryckman, Mr. Duranleau.
UNITED KINGDOM	Mr. Chamberlain, Sir Philip Cunliffe-Lister.
AUSTRALIA	Mr. Gullett.
NEW ZEALAND	Mr. Stewart.
SOUTH AFRICA	An available delegate.
NEWFOUNDLAND	An available delegate.
IRISH FREE STATE	Mr. Lemass.
INDIA	Seth Haji Abdullah Haroon.
SOUTHERN RHODESIA	An available delegate.

3. COMMITTEE ON COMMERCIAL RELATIONS WITH FOREIGN COUNTRIES

CANADA	Sir George Perley, Mr. Guthrie and Mr. Rhodes.
UNITED KINGDOM	Mr. Thomas, Mr. Runciman.
AUSTRALIA	An available delegate.
SOUTH AFRICA	An available delegate.
IRISH FREE STATE	Mr. O'Kelly and Dr. Ryan.
NEWFOUNDLAND	An available delegate.
INDIA	Sir G. Rainy, Sahibzasa Abdul Samad Khan.
SOUTHERN RHODESIA	An available delegate.

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4. COMMITTEE ON MONETARY AND FINANCIAL QUESTIONS.

CANADA	Mr. Bennett, Mr. Stevens and Mr. Cahan
UNITED KINGDOM	Mr. Chamberlain, and Sir P. Cunliffe-Lister
AUSTRALIA	An available delegate
NEW ZEALAND	" " "
SOUTH AFRICA	" " "
IRISH FREE STATE	Mr. Lemass and Dr. Ryan
NEWFOUNDLAND	An available delegate.
INDIA	Sir H. Strakosch, Sir G. Schuster.
SOUTHERN RHODESIA	An available delegate.

5. COMMITTEE ON METHODS OF ECONOMIC CO-OPERATION.

CANADA	Mr. Sauve and Mr. Gordon.
UNITED KINGDOM	Mr. Thomas, Lord Hailsham, Sir John Gilmour.
AUSTRALIA	An available delegate.
NEW ZEALAND	" " "
SOUTH AFRICA	" " "
IRISH FREE STATE	" " "
NEWFOUNDLAND	" " "
INDIA	Sir Atul Chatterjee, Sir George Rainy and Sir P. P. Ginwala.
SOUTHERN RHODESIA	An available delegate.

4. COMMITTEE ON MONETARY AND FINANCIAL QUESTIONS.

CANADA Mr. Bennett, Mr. Stevens and Mr. Cahan
UNITED KINGDOM Mr. Chamberlain, and Sir P. Cunliffe-Lister
AUSTRALIA An available delegate
NEW ZEALAND " " "
SOUTH AFRICA " " "
IRISH FREE STATE Mr. Lemass and Dr. Ryan
NEWFOUNDLAND An available delegate.
INDIA Sir H. Strakosch, Sir G. Schuster.
SOUTHERN RHODESIA An available delegate.

5. COMMITTEE ON METHODS OF ECONOMIC CO-OPERATION.

CANADA Mr. Sauve and Mr. Gordon.
UNITED KINGDOM Mr. Thomas, Lord Hailsham, Sir John Gilmour.
AUSTRALIA An available delegate.
NEW ZEALAND " " "
SOUTH AFRICA " " "
IRISH FREE STATE " " "
NEWFOUNDLAND " " "
INDIA Sir H. Strakosch, Sir G. Schuster.
SOUTHERN RHODESIA An available delegate.

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3. The Joint Secretariat was appointed as follows:

APPOINTMENT OF JOINT SECRETARIAT

Secfetary of the Conference - Dr. O. D. Skelton. Deputy Secretary, Mr. J. E. Read, Administrative Secretary, Col. H. J. Coghill. Secretary nominated by Delegations: Mr. Howorth (United Kingdom), Mr. Murphy (Australia), Mr. Park (NewZealand), Mr. Jooste (South Africa), Mr. Walshe (Irish Free State), Mr. Carew (Newfoundland), Mr. Turner (India), and Major Stokes (Southern Rhodesia).

STATUS OF SOUTHERN RHODESIA.

4. MR. BENNETT mentioned the Status of the Delegates of Southern Rhodesia as observers at Committee meetings. Mr. Thomas suggested that the Delegates of Southern Rhodesia should have the opportunity to be present at all Committee Meetings, if they might desire, but that no attempt should be made precisely to define their status. This proposal was agreed to.

MEETINGS OF HEADS OF DELEGATIONS.

5. It was decided that one secretary and no more than two advisers from each delegation should attend meetings of Heads of Delegations.

MEETING OF COMMITTEE NO.1.

6. It was decided that Committee No. 1 on the Promotion of Trade within the Commonwealth, should meet at 3 P.M. on the same afternoon in the Senate Railway Committee Room (262)

MOVING OF RESOLUTIONS.

7. MR. BENNETT said that he understood that some delegates wished to move certain resolutions at an early date. He suggested that delegates might like an opportunity of studying the statements presented at the opening Session of the Conference on July 21st before presenting their resolutions; and it was agreed that the resolutions should be handed in at 10:30 A.M. on Monday July 25th.

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AMPLIFICATION OF OPENING STATEMENTS.

8. MR. BRUCE raised the question which he had brought up on the previous day of amplifying the statement made by him at the opening Session of the Conference. He said that it would meet his purpose if his statement was circulated among the delegates and given to the press, and he handed a copy to the Secretary of the Conference for this purpose. Mr. Havenga said that he would hand in certain supplementary material of the same character in the course of the day.

CONDUCT OF BUSINESS.

9. MR. BENNETT enquired whether the arrangements made for the conduct of the business of the Conference were proving satisfactory. It was stated on behalf of all delegations that the arrangements were eminently satisfactory.

MEETINGS OF OTHER COMMITTEES.

10. MR. BENNETT suggested that the opening meetings of the Committees other than Committee No. 1 should not take place before Monday July 25th. This suggestion was agreed to.

CIRCULATION OF MEMORANDA.

11. MR. BENNETT announced that he proposed to distribute through the Secretariat for the use of all Delegations certain memoranda and statistical statements which had been prepared for the use of the Canadian Delegation. He would be glad if other delegations with similar material would also arrange through the Secretariat for its circulation.

PRESS COMMUNIQUE.

12. It was agreed that a communique should be issued to the Press setting forth the Membership of the Committees which had been appointed.

Parliament Buildings,
Ottawa July twenty second,
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IMPERIAL ECONOMIC CONFERENCE - 1932.

DRAFT MINUTES of the Third Meeting of Heads of Delegations and other Delegates, held in Room 216, Parliament Buildings, Ottawa, on July 25th, 1932, at 10:30 a.m.

(Note: Secretaries of Delegations are requested to notify the Secretariat of any revisions within three days)

P R E S E N T

Mr. Bennett (in the chair)

CANADA

Mr. Stevens
Dr. Manion
Mr. Sauve
Mr. Weir

UNITED KINGDOM

Mr. Baldwin
Mr. Chamberlain
Mr. Thomas
Lord Hailsham
Sir P. Cunliffe-Lister
Mr. Runciman
Sir J. Gilmour

AUSTRALIA

Mr. Bruce
Mr. Gullett

NEW ZEALAND

Mr. Coates
Mr. Stewart

SOUTH AFRICA

Mr. Havenga
Mr. Grobler
Mr. Fourie

IRISH FREE STATE

Mr. O'Kelly
Mr. Lemass
Dr. Ryan

NEWFOUNDLAND

Mr. Alderdice
Mr. Emerson

INDIA

Sir A. Chatterjee
Sir G. Rainy

SOUTHERN RHODESIA

Mr. Moffatt

In addition there were present Advisers, Secretaries and Staffs from Canada, the United Kingdom, Australia, New Zealand, South Africa, the Irish Free State, Newfoundland, India and Southern Rhodesia.

Joint Secretariat: Dr. Skelton, Mr. Read, Mr. Wrong and Mr. Overton

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MINUTES OF SECOND MEETING

1. The Minutes of the secon meeting of Heads of Delegations and other Delegates were approved, subject to certain corrections to be notified to the Secretariat.

RUSSIA

2. In view of certain serious considerations which had been brought to his attention by the Delegations of the United Kingdom and India, Mr. BENNETT said that he had decided not to submit a resolution on Russia to Committee No. 1 when it met the same afternoon. He intended, however, to state his views so that a general discussion of the question should take place.

INTRODUCTION OF GENERAL RESOLUTIONS

3. MR. BENNETT suggested that it might be well for the various Delagations to exchange ideas before any definite resolutions were submitted. Canada had entered the Conference with the idea that the United Kingdom was prepared to consider in principle the grant of tariff preferences to the natural products of the Dominions and India. He regarded the acceptance of this principle, together with reciprocal action by the Dominions, as the basis of the Conference.

MR. BALDWIN said that at the opening of the Conference the United Kingdom Delegation had thought it might be of value to submit certain resolutions with a view to their approval by the Conference and subsequent publication, but, on further consideration, he doubted whether the time was yet ripe for such resolutions. The United Kingdom Delegation had come to the Conference with a free hand; it should be remembered, however, that the ability of the United Kingdom to buy Dominion produce depended upon the prosperity of the United Kingdom, which, in turn, was bound up with the United Kingdom's trade in a great many directions. The United Kingdom for her part desired to know what help she could look for from the Dominions so that her consuming capacity and employment might be extended, and the country thus be enabled to buy more products from the Dominions.

MR. BRUCE expressed agreement that the purchasing power of the United Kingdom was of prime importance to Australia and tariff concessions would be of no use if the purchasing power suffered. The main business of the Conference was to restore and maintain purchasing power throughout the Empire.

MR. CHAMBERLAIN said that the United Kingdom had, in the past, been able to help forward the development of the Dominions by lending them money and this lending power was almost as important to the Empire as purchasing power. He felt

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it was of general interest to the Empire that the United Kingdom should be able to continue lending money for the development of the resources of the rest of the Empire.

MR. HAVENGA expressed his agreement with Mr. Baldwin's statement. The duty was imposed on the Dominions to prove that the suggested preferential arrangements were not one-sided. He agreed that at this stage the discussion of general resolutions would serve no purpose.

MR. COATES said that New Zealand regarded the purchasing power of the United Kingdom as essential to the prosperity of New Zealand. The United Kingdom was, in effect, practically the only export market for the produce of New Zealand.

SIR ATUL CHATTERJEE said he entirely accepted Mr. Baldwin's and Mr. Chamberlain's statements.

MR. BENNETT said that he recognized the soundness of the position taken by Mr. Baldwin. From the Canadian point of view, the main purpose of the Conference was the attainment of a preferred position in the markets of the United Kingdom, which was to be balanced by reciprocal preference for United Kingdom products in the markets of the Dominions. The present position was that on the 15th November the preferences granted by the United Kingdom under the Import Duties Act would lapse unless special action was taken to continue them, and the Conference should face this issue, which could not be avoided.

MR. HAVENGA said that the Dominions had not been consulted about these temporary preferences and he thought that modifications of them, as well as extensions, would necessarily come before the Conference.

MR. BALDWIN agreed with Mr. Bennett. The object should be to work out an agreement based on the principle of reciprocal tariff preferences.

MR. BRUCE said that he fully appreciated the difference between the position of the United Kingdom and that of the Dominions. The Import Duties Act primarily marked the changed fiscal policy of the United Kingdom but it raised the whole question of tariff preferences throughout the Empire. Australia appreciated to the full the value of the facilities for raising money under the Colonial Stock Acts which the United

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Kingdom had supplied in the past, and also the protection which she received from the United Kingdom. Her need for markets, however, was so drastic that unless the Conference succeeded she might be forced to seek special outlets for her produce in foreign countries. He did not favour the discussion of general resolutions at this stage.

MR. BENNETT said that while no one's hands were bound by the terms of existing preferences, it must be remembered that November 15th was a most important date inasmuch as the existing situation would end then unless new arrangements were made. All parts of the Empire were now employing tariff preferences and the extension of their use was the general purpose of the Conference. He wished to revert to the importance of the Russian question although he was not tied as to the methods of dealing with it. He felt that no preferences could be really useful on a number of important Canadian products if means were not discovered to meet Russian competition, which had seriously affected the Canadian canned salmon and asbestos industries. Canada had put a duty of forty cents per ton on foreign anthracite coal but it had been discovered that only an embargo could stop the importation of Russian anthracite coal. He strongly felt that a thorough discussion of the Russian situation was essential before the Conference could come to conclusions on particular preferences.

MR. HAVENGA said that similar considerations applied to other countries as well as Russia. For instance: The British market for footwear in South Africa had, in spite of the preferential tariff, been seriously prejudiced by competition from a certain foreign country.

MR. BENNETT said that the general question of unfair competition from countries with lower standards of living would fall within the competence of Committee No. 1.

ORGANIZATION OF OTHER COMMITTEES

4. It was agreed that Committee No. 2 should have a preliminary meeting at 12:00 o'clock noon on the same day, in Room 368; that Committee No. 5 should have a preliminary meeting the same afternoon, immediately after the meeting of Committee No. 1, also in Room 368; and that Committee No. 4 should have a preliminary meeting at 10:00 a.m. on the following day (July 26) in Room 216.

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SUPPLEMENTARY STATEMENTS

5. MR. BRUCE said that in the public record of the proceedings of the Conference he would like his supplementary statement to follow immediately his opening speech in the plenary session and not to be placed in an Appendix.

MR. HAVENGA asked that his supplementary statement might be treated in the same manner as Mr. Bruce's.

In this connection, MR. CHAMBERLAIN said that as some of the Dominions had handed in supplementary statements, the United Kingdom Delegation might also wish to do the same.

PRESS COMMUNIQUE

6. The following Press Communiqué was approved:

The Heads of Delegations met this morning at 10:30. It was decided that the Committee on Customs Administration should meet at 12 noon today for organization purposes; that the Committee on Economic Co-operation should meet today at 5 p.m., and the Committee on Monetary and Financial Questions tomorrow at 10 a.m. for the same purpose.

Parliament Buildings,
Ottawa, July 25th, 1932.

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I.E.C. (32)
34 (R) (T.P.) 2nd Agenda.

SECRET

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IMPERIAL ECONOMIC CONFERENCE, 1932.

Trade Promotion Committee.

AGENDA for the 2nd Meeting of the Committee, to be held at 3 p. m., on Monday, 25th July, 1932, in Senate Railway Committee Room:-

1.- Approval of Draft Minutes of 1st Meeting (T. P. 1st Minutes), circulated herewith.

2.- Draft Resolution to be submitted by the Canadian Delegation.

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P rinted for the Imperial Economic Conference, 1932.

I.E.C. (32)
(T.P. 1st Minutes).

SECRET
Copy No.....

IMPERIAL ECONOMIC CONFERENCE, 1932.

Trade Promotion Committee.

DRAFT of 1st Meeting, held in Senate Railway Committee Room, at 3 p.m., on Friday, July 22nd.

(Note: Secretaries of Delegations are requested to notify the Secretariat of any revisions within five days.)

AUTOGRAPH
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P R E S E N T

CANADA

Mr. Bennett,
(Temporary Chairman)
Mr. Guthrie,
Mr. Rhodes
Mr. Stevens
Mr. Cahan,
Mr. Weir
Dr. Manion.

UNITED KINGDOM

Mr. Baldwin,
Mr. Neville Chamberlain,
Mr. Thomas,
Viscount Hailsham,
(Chairman)
Sir P. Cunliffe Lister,
Mr. Runciman,
Sir J. Gilmour.

AUSTRALIA

Mr. Bruce,
Mr. Gullett.

NEW ZEALAND

Mr. Coates,
Mr. Downie Stewart.

UNION OF SOUTH AFRICA

Mr. Havenga,
Mr. Grobler,
Mr. Fourie,

IRISH FREE STATE

Mr. O'Kelly,
Mr. Lemass,
Dr. Ryan.

NEWFOUNDLAND

Mr. Emerson.

INDIA

Sir A. Chatterjee,
Sir G. Rainy,
Sir P. Ginwala,
Mr. Chetty,
Seth Haji Abdullah Haroon
Sahibzada Abdus Samad Khan.

SOUTHERN RHODESIA

Mr. Moffat,
Mr. Fynn.

In addition, there were present Secretaries, Advisers and Staffs, from Canada, the United Kingdom, the Commonwealth of Australia, New Zealand, the Union of South Africa, the Irish Free State, Newfoundland, the Government of India, and Southern Rhodesia.

D.A. MacGibbon, A.E. Overton, C.T. Houghton } Joint Secretaries.

AUTOGRAPH

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1. Mr. Bennett proposed and Mr. Bruce seconded the appointment of Lord Hailsham as Chairman of the Committee, This was unanimously agreed and Lord Hailsham took the chair.

2. Lord Hailsham said that the first task of the Committee was to arrange its procedure, so that the business might be conducted as rapidly as possible.

3. Mr. Bennett raised the question of the competition of Russian produce with Dominion produce in the United Kingdom market, and after discussion it was agreed that a general discussion of this matter should take place at the next meeting of the committee to be held at 3.00 P.M. on Monday the 25th of July with a view to the subject afterwards being referred to a sub-committee. Mr. Bennett undertook to prepare a draft resolution as a basis of discussion.

4. Mr. Bennett then raised the question of procedure in regard to tariff preference as between the Dominions and India on the one side and the United Kingdom on the other side. After a general discussion it was agreed that the Dominions interested in the sale of particular classes of produce in the United Kingdom market should first consult with each other with a view to formulating the proposals that they might wish to submit to the United Kingdom Delegation. It was stated that the main groups of commodities to be considered, and the Dominions interested were:

(a) Dairy produce, including Poultry and eggs	Canada, Australia, New Zealand, South Africa, Irish Free State, Southern Rhodesia.
(b) Meat including live cattle and pig products,	Canada, Australia, New Zealand, South Africa, Irish Free State, Southern Rhodesia.
(c) Fruit and vegetables.	Canada, Australia, New Zealand, Southern Rhodesia.

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(d) Cereals, including flour,	Canada, Australia, South Africa, India, Southern Rhodesia.
(e) Metals and minerals,	Canada, Australia, South Africa, New Zealand, India, Southern Rhodesia.

It was agreed that the country most interested in each of these classes should provide a chairman, and that since New Zealand was primarily interested in dairy products, Mr. Coates should call the meeting of this group. It was afterwards arranged that this meeting should be held in Room 146 at 10.00 A.M. on Saturday the 23rd of July.

It was agreed that Mr. Stevens should act as Chairman of the Committee on Cereals; Mr. Gordon as Chairman of the Committee on Minerals and Metals; Mr. Bruce as Chairman of the Committee on Meat, and Mr. Havenga as Chairman of the Committee on Fruit.

It was mentioned that certain items such as fish, timber, tobacco, wine, brandy and sugar were not included in the above groups, but it was decided to leave the consideration of these items for the present.

Mr. O'Kelly referred to the special position of the Irish Free State at the present time, vis-a-vis the United Kingdom government, and said that he hoped that this would not interfere with the negotiation of agreements between the Irish Free State and other Dominions.

5. Consideration was then given to the procedure for dealing with what the Dominions could offer to the United Kingdom in the matter of tariff treatment. It was agreed that discussions on this subject would proceed simultaneously with those referred to in paragraph 4 above.

At the suggestion of Mr. Bennett, it was agreed that a discussion on this subject as between Canada and the United

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Kingdom should take place in the evening of Monday the 25th of July.

6. The Chairman reminded the committee that there were certain other questions such as the proportion of Empire content required to qualify goods for preferential treatment which had been referred to them. It was agreed that in view of the large amount of work already mapped out the consideration of these matters should be deferred for the present.

7. Mr. Coates inquired whether the question of Empire shipping would be discussed, and Mr. Bennett pointed out that this would fall within the terms of reference of Committee No. 5, which had been set up to deal with A3 of the agenda of the Conference.

8. The Committee passed a brief press communique, and adjourned until 3.00 P.M. on Monday the 25th of July.

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I.E.C. (32)
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Secret
Copy No. 4

IMPERIAL ECONOMIC CONFERENCE - 1932.
Committee on Methods of Economic Cooperation

DRAFT MINUTES of the First Meeting of the Committee on Methods of Economic Cooperation, held in Room 368, Parliament Buildings, Ottawa, on July 25th, 1932, at 4:30 p.m.

(Note: Secretaries of Delegations are requested to notify the Secretariat of any revisions within three days)

PRESENT

CANADA

Mr. Bennett
Mr. Sauve

UNITED KINGDOM

Mr. Thomas
Lord Hailsham
Sir J. Gilmour
Mr. Chamberlain
Mr. Runciman

AUSTRALIA

Mr. Bruce
Mr. Gullett

NEW ZEALAND

Mr. Coates
Mr. Stewart

SOUTH AFRICA

Mr. Havenga
Mr. Grobler
Mr. Fourie

IRISH FREE STATE

Mr. O'Kelly
Mr. Lemass
Dr. Ryan

NEWFOUNDLAND

Mr. Alderdice

INDIA

Sir Atul Chatterjee
Sir George Rainy
Sir Padamji Pestonji Ginwala

SOUTHERN RHODESIA

Mr. Moffatt
Mr. Fynn

In addition there were present Advisers, Secretaries and Staffs from Canada, The United Kingdom, Australia, New Zealand, South Africa, The Irish Free State, Newfoundland, India and Southern Rhodesia.

Joint Secretariat: - Dr. Skelton,
Mr. Master, Mr. Eyers.

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1. For the purposes of organization Mr. Bennett took the chair and opened the meeting.

Appointment of Chairman.

2. It was proposed by Mr. Bruce and seconded by Mr. Havenga that Sir Atul Chatterjee be Chairman of the Committee. The motion was carried unanimously, and Sir Atul Chatterjee took the chair.

3. Mr. Thomas drew attention to the need for machinery for continuous cooperation between the several parts of the Commonwealth during the intervals between successive Conferences. He referred to the questions of research, marketing and standardization, and suggested that some material bearing upon these questions could be made available to the Committee for consideration. He advocated the setting up of sub-committees to consider the various subjects in detail.

Sub-committee on Procedure.

4. Mr. Bruce suggested that in view of the very indefinite nature of the committee's title it might be desirable in the first instance to set up a sub-committee on Procedure, which should consist of the Chairman and one representative from each delegation; this sub-committee to submit a programme for the committee. This proposal was adopted, and the following sub-committee was appointed.

CANADA

Mr. Coates

UNITED KINGDOM

Mr. Thomas

AUSTRALIA

Mr. McDougall

NEW SEALAND

Dr. Campbell

SOUTH AFRICA

Mr. Fourie

IRISH FREE STATE

Mr. Walshe

NEWFOUNDLAND

Mr. Emerson

INDIA

Sir Padamji Pestonji Ginwala

It was also agreed that Southern Rhodesia should be represented on the sub-committee and, accordingly Mr. Downie's name was included.

The Chairman undertook to notify the members of the time and place of the first meeting.

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Sub-Committee on Standardization

5. Mr. Bennett said that, while the setting up of certain sub-committees depended upon the findings of the sub-committee on Procedure and upon the affirmation by the Committee of certain general principles, a sub-committee on Standardization could be set up forthwith. Upon a question by Mr. Havenga, it was agreed that the establishment of this sub-committee would not commit the delegations represented to any general principle in advance of consideration of the Committee's report.

6. It was accordingly agreed to establish a sub-committee on Standardization on which each delegation should nominate representatives. Each delegation should send in its nomination to the Joint Secretaries, who would in due course arrange for a notification of the time and place of the first meeting to be issued to members.

Adjournment.

7. The Committee adjourned at 4:55 p.m. It was arranged that the Joint Secretaries should notify members when and where the next meeting of the Committee should take place.

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Toronto, July 27, 1932.

PERSONAL

L. L. Lang, Esq.,
The Lang Tanning Co. Limited,
Kitchener, Ontario.

My dear Mr. Lang :

I have yours of the 25th.

On account of the very serious illness of Mr. Evans, which now has lasted for many weeks, I have found it impossible to attend the Imperial Conference at all. I was there for the opening but merely as a matter of form. Certainly my responsibilities here will absorb my time for quite awhile.

I have noted your position as regards the duty on leather and the duty on hides and quite appreciate what you say. It is probable I will be in Ottawa on Friday, but I am not certain.

Any time you are in a position to discuss the Great Lakes Paper situation with me I will be glad to do so. I have been more active in this then appears on the surface. I am not wholly satisfied with the progress made.

Yours truly,

Arthur Meighen

AM:K

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124901 bp

THE LANG TANNING CO. LIMITED
KITCHENER, ONTARIO,
CANADA.
CABLE ADDRESS: "LANG," KITCHENER
WIDEBROOK AND A.B.C. CODES USED

July 25th, 1932.

Rt. Hon. Arthur Meighen,
Parliament Bldg.,
OTTAWA, Ontario.

My dear Mr. Meighen:

I thought you would be interested in receiving a copy of a letter written by The Tanners Association of Canada, to the Prime Minister. You will note in this letter that the Canadian Tanners have agreed with representatives from the British Federation of Tanners, that if our government in Canada were to make the gesture that the British Tanners ask them to make, and if our government were to reduce the 15% duty on leather coming into Canada from England to 12½%, both the Canadian and English Tanners would be satisfied with this reduction. This of course, depends on our Canadian Government being able to restore hides coming into Canada to the free list. You will recall the New Zealand Treaty placed a duty on The Canada Tanners' raw material (hides) from all countries excepting the British Isles, and the British Dominions.

I represented the Sole and Harness Leather Tanners at this meeting with the British Tanners, and I may tell you quite frankly that the reduction of 2½% was made as a graceful gesture, and a further reduction could not be made unless the Canadian Tanning Industry in Sole and Harness Leather would suffer as a consequence of further reduction.

I hope at some time to have an opportunity of discussing with you The Great Lakes Paper situation, but I realize that a discussion of this kind could not take place now.

Yours sincerely,

THE LANG TANNING COMPANY, Limited.

LLL/DS

President.

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124901 bq

Newmarket, Ontario.
July 7th, 1932.

Rt. Hon. R. B. Bennett, M.P.,
Prime Minister of Canada,
Ottawa, Canada.

Dear Sir:

The United Kingdom has placed duties of 15% against foreign countries on imported leather, except patent leather. As to the latter, the duty against foreign countries is 10% ad valorem.

In regard to patent leather the tanners cabled the United Kingdom on May 17th, asking that the duty against foreign countries be raised to 15% ad valorem, - copy of cable appended marked "A". This cable followed advise from the United Tanners Federation of the United Kingdom that they would be glad to assist in getting the United Kingdom duty on foreign patent leather raised to 15% ad valorem, leaving all leathers from Canada duty free.

On April 20th, 1932, the United Tanners Federation wrote the Tanners Association of Canada advising that they were sending delegates to Canada to discuss the subject of inter-Empire customs tariff preference, - copy of such letter appended marked "B".

The tanners of Canad have now completed their discussions with the tanners from the United Kingdom, who have assured us that the proposals agreed upon to be recommended to the United Kingdom Government and to the Government of Canada, are perfectly satisfactory to them. These recommendations are set out in appended letter marked "C", dated July 5th, addressed to A. P. Preston, United Tanners Association of Great Britain and Norther Ireland, Royal York Hotel, Toronto. These recommendations are:

> That if the United Kingdom duty of 15% on foreign leathers is made to include patent

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leather with Canadian leather admitted as at present and provided the new Canadian import duties on hides and skins are cancelled, then the Tanners of Canada are to recommend to the Government of Canada to reduce the British preferential tariff rate of 15% ad valorem, under tariff item 604, to the former British preferential tariff rate of 12½% which was in effect down to the end of June last, 1931; and that the intermediate and general tariff rates of Canada, under said tariff item 604, be increased to 27½% ad valorem so as to give United Kingdom leather producers a protective tariff spread in this market equal to 15% ad valorem;

That leather produced in the United Kingdom from East India tanned kip, uncoloured or coloured, other than black, when imported for use exclusively for lining boots and shoes, now dutiable at 12½% under the British preferential tariff, Item 605, be made free under the British preferential tariff;

That genuine reptile leathers, now dutiable at 12½% under the British preferential tariff, Item 605, be made free under the British preferential tariff;

That genuine pig skin leathers, genuine Morocco leathers, also so-called roller leather for use in textile industries, which now are dutiable at 15% under the British preferential tariff, Item 604, be made free under the British preferential tariff; and

That leather not further finished than tanned, in whole hides, in grains or splits, when imported by manufacturers of upholstery leathers, for use exclusively in the manufacture of upholstery leathers in their own factories, now dutiable at 10% under the British preferential tariff, Item 607A, be made free under the British preferential tariff.

We respectfully submit these recommendations to your consideration coupled with our petition, which has been agreed to and sanctioned by the representatives of the United Tanners Federation of the United Kingdom, that these concessions shall be conditional on the United Kingdom increasing its preference in favor of Canada by making the duty on foreign patent leather not less than 15% ad valorem, the same as applies on other foreign leathers; and provided also that the concessions proposed in the Canadian British preferential tariff rates shall only be granted conditional on it being found possible to conceal the new Canadian import duties on hides and skins.

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I am instructed to solicit your attention to the fact that with present duties on imported hides and skins, and with exchange conditions such that Canadian importers can buy dollars at $4.40 for each Pound Sterling to pay sterling bills for leather these advantages to the United Kingdom tanners actually offset the present 15% ad valorem preferential tariff rate on leather. In this connection United Kingdom tanners secure their hides and skins, and tanning materials, more cheaply than Canadian tanners owing to lower carrying charges. United Kingdom tanners are as completely equipped with labour saving devices and equipment as any tanner in Canada or the United States.. The employees are also as efficient as Canadian labourn but their rate of pay to employees only averages about 60% of the Canadian wage rate. Representatives of tanneries of the United Kingdom and Canada visit each other's tanneries, and there is general agreement as to the foregoing. Some of their foremost tanners have informed Canadian tanners within the past month that their prices have not advanced as a result of depreciation in sterling, and that they are exporting leather to the United States at no higher world price ration than before sterling became depreciated. In these circumstances the tanners of Canada fear that duty reductions which they have decided to recommend as above, may prevent the manufacture of various leathers in Canada, such, for example, as sheepskin linings which will be replaced by kip linings for boots and shoes. Even under the present 15% British preferential tariff rate the United Kingdom tanners could monopolise this market in the principal lines of leather because their lower material costs, lower factory overhead, lower wage rates, and exchange advantages, more than offset the lower w present duty. Therefore, in suggesting a reduction in this rate to 12½%, so as to help give the United Kingdom leather industry the same preferential tariff spread in this market as is desired by Canada in their market, we feel that we have got below the danger line, but that the effort is worth the experiment on behalf of closer inter-Empire trade relations.

Respectfully commending these proposals to your consideration, we are,

Yours faithfully,

President,
Tanners Association of Canada.

Encls.

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CANADA
MG

IMPERIAL ECONOMIC CONFERENCE, 1932
GENERAL PREPARATORY COMMITTEE

OTTAWA, 2nd August, 1932.

Dear Mr. Meighen,

I am transmitting, herewith, for your information, copy of a memorandum on "A Practical Monetary Policy for the Ottawa Conference" by E. Beddington Behrens, which has been forwarded through the Office of the Canadian High Commissioner in London with a request from Mr. Behrens that a copy be sent to the members of the Canadian Government attending the Imperial Economic Conference.

Yours sincerely,

O. D. Skelton

Chairman, General Preparatory Committee

The Right Honourable Arthur Meighen, K.C.,
The Senate of Canada,
Ottawa.

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TORONTO
347 Bay Street,
August 8, 1932.

My dear George:

Glad to get your letter.

So far as I am concerned, I am one hundred per cent behind Mr. Somerville. The qualification, however, in the first part of the last sentence is very important.

It would be of immense value to have Mr. Somerville in the Senate, and I am going to do anything I can.

Things are quite a little better and here's hoping they continue.

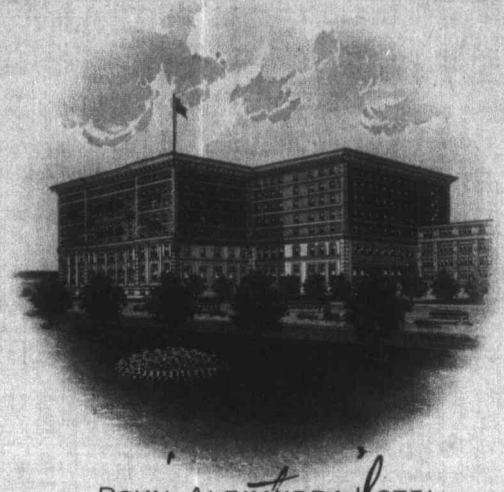
Very kindest regards,

Yours sincerely,

G. M. Bell, Esq.,
c/o G. M. Bell & Co.
Calgary, Alta.

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ROYAL ALEXANDRA HOTEL
WINNIPEG, MAN.

Canadian Pacific Hotels

aug 5th 32.

Confidential

My Dear Arthur

I took the liberty today to write R.B. suggesting the appointment of Fullerton Somerville to fill the vacancy caused by the death of Senator Willoughby.

I know of no man in Saskatchewan who has better qualifications to fill the position and few who are as loyal to you both.

(over)

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many of the supporters of the Government are not averse to putting all the blame for their troubles on your chaps at Ottawa – not so Fred – and for this he is criticised.

If he were in the Upper House he could afford to take a part in active politics which I am sure would be of great assistance to you all.

I was shocked to hear of Watsons death and do know how you must miss him.

While the crops are not as good as they promised to be three or four weeks ago – things are certainly better in the west.

Best wishes Hope you are Respectfully your Brother Sincerely Alex. Bell

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124901 bx

TORONTO

347 Bay Street,
August 11, 1932.

Dear Mr. Samuel:

Your telegram duly received. Also I have had a talk on the entire subject since with Mr. Pepall and he is cabling you at once.

I presume you know of Mr. Evans' death. His long illness, commencing seriously in May, and subsequent death a week ago has thrown a very much heavier burden upon me. Consequently I have not been able to give any attention at all to the proceedings at the Conference.

I think you will find that the Canadian Government is taking a very reasonable stand as regards steel duties. The whole matter has been very thoroughly thought out and thrashed out. Personally I am of the confident hope that a worthwhile agreement will be arrived at, and am passing on your view to Mr. Bennett.

Yours very truly,

Arthur Meighen.

Mr. Sigmund Samuel,
The Terrace,
London, England.

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LCO FS SENATOR MEIGHEN OTTAWA

TORONTO

IN CANADIAN NATIONAL INTEREST STRONGLY URGE BENNETT WAIVE IRON AND STEEL TARIFFS RETAINING ONLY EXCISE AND SPECIAL EXCHANGE DUTIES

SIGMUND SAMUEL REPLY TERRACE LONDON

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124901 b2
Senate

347 Bay Street,
TORONTO,
August 22, 1932.

Dear Dr. Sirois:

I have your letter of 18th August. The subject matter which you bring to my attention has ot received at my hands that careful analysis which I think should precede any final expression of opinion.

When I made the allusions to the subject, which are quoted in your letter, I was speaking, of course, only for myself, and as the general subject matter of constitutional authority was not the main one before us, I had no thought of making anything in the nature of a pronouncement on the question.

I am disposed, however, to the view that the analysis of the subject made by "The Gazette", based on the report of the Special Committee of the Senate, is probably right. I would think the Senate, acting in its capacity as a legislative body and having in mind particularly its functions as the guardian of relative rights of Provinces, could quite well justify reduction of appropriation passed by the Lower House. Undoubtedly though the Senate should exercise this function with the greatest possible care and only from the standpoint of maintaining a proper equilibrium of rights as among the Provinces of Canada.

Even within the limited sphere in which I have sought to outline the above, the Senate should act with the utmost caution, because the analogy between its functions and that of the Lords of England is deeply rooted in the public mind.

Yours very truly,

Arthur Meighen.

Dr. Jos. Sirois,
Quebec, P. Q.

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SIROIS, SIROIS & LESAGE
NOTAIRES
JOS. SIROIS, LL.D.
LAURENT LESAGE, L.L.L.

RUES COUILLARD ET CHRISTIE
TÉLÉPHONE 2-1203

QUÉBEC August 18, 1932.

The Right Honourable Arthur Meighen,
347 Bay Street,
TORONTO, Ont.

Dear Mr. Meighen:-

Will you be kind enough to allow a Professor of the Law Faculty of Laval University to submit you the following facts:-

I have always taught that the only right of the Senate in connection with money bills or budget, is the right of rejection, and that it could not amend such bills.

However, I usually add that the Senate claims to have greater powers and I quote a report made by a Committee of the Senate during the Session of 1918, report which is analysed in the enclosed abstract of the Gazette, which, please, return me after perusal.

I have before me the Debates of the Senate, unrevised edition, page 566, which contain some remarks made by you on May 26th last, in connection with Bill 101 (Appropriation Bill):- "Honourable members, inasmuch as we "cannot amend this bill..."

And further down:- "This Bill is strictly a "money bill, and subject only to rejection; therefore I see

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no object in going into Committee upon it.."

Would you mind telling me if you were speaking in your personal capacity, or as leader of the Senate?

Will you allow me to quote your answer to my students?

I was discussing this question the other day with my brother in law, Justice Sevigny, whom you know very well, and meeting Arthur Beauchesne, Clerk of the Commons a few days afterwards, he asked him his opinion, which, of course, was that the Senate could only reject and not amend.

I am sorry to intrude on your valuable time, and the only reason I may give for doing so, is the fact that I had, a few years ago, amongst my pupils at the Law Faculty, your son, whom I am glad to say, occupies such an outstanding position at the Quebec Bar.

Believe me, dear Mr. Meighen,

Yours very truly,

JS/BV

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I24901 c d
Senate

347 Bay Street,
Toronto, August 23, 1932.

Dear Sir:

I have your letter of 22nd, and at Mr. Meighen's request am sending you cheque for $4.65 as his contribution to the gift presented to Mr. Baldwin.

Yours very truly,

Secretary to Mr. Meighen.

W. H. Measures, Esq.,
Secretary,
Imperial Economic Conference,
Ottawa, Ontario.

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CANADA

IMPERIAL ECONOMIC CONFERENCE, 1932

GOVERNMENT HOSPITALITY COMMITTEE

OTTAWA, August 22, 1932.

Dear Sir,-

A silver salver bearing the engraved autographs of all the visiting delegates to the Imperial Economic Conference and of the members of the panel from which delegates to represent the Government of Canada were drawn, was presented, at the final session of the Conference, to Mr. Stanley Baldwin in commemoration of the anniversary of his birthday on August 3rd, 1932.

The visiting delegates expressed a wish to contribute towards this gift and Sir George Perley, Mr. Guthrie and Dr. Manion and other members of the Canadian panel have also signified their desire to participate. The total cost of the gift, including the engraving referred to above, is $195.00 and this amount divided by the number of autographs represents $4.85, the contribution which has been made by each of the Ministerial delegates.

If Mr. Meighen desires to join with the overseas and other Canadian Ministers in participating in the gift, I should be grateful if you would ask him to forward to me as soon as convenient the sum of $4.85.

Yours faithfully,

W.H. Measures

W.H. Measures,
Secretary.

The Private Secretary to
The Rt. Hon. Arthur Meighen, P.C., K.C.,
National Building,
Bay Street,
Toronto, Ontario.

P.S. In order to avoid the delay in writing to Toronto for Mr Meighen's autograph, Mr Merriam gave me a sample of Mr Meighen's signature from a letter from Mr Meighen to Mr Bennett. WHM.

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CANADA

IMPERIAL ECONOMIC CONFERENCE, 1932

GOVERNMENT HOSPITALITY COMMITTEE

OTTAWA, August 24, 1932.

Dear Miss Edmondson,-

I have pleasure in acknowledging your letter of August 23rd and am enclosing herewith a receipt for Mr. Meighen's contribution, enclosed therein, towards the cost of the silver salver presented to Mr. Stanley Baldwin.

Yours faithfully,

W.H. Measures,
Secretary.

Miss E.M. Edmondson,
Secretary to the Rt. Hon. Arthur Meighen, P.C.,K.C.,
347 Bay Street,
Toronto, Ontario.

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RECEIVED, as a contribution toward the cost of a silver salver, bearing the engraved autographs of the delegates to the Imperial Economic Conference, 1932, presented to the Rt. Hon. Stanley Baldwin on August 18th, 1932, in commemoration of the anniversary, of his birthday, August 3rd, the sum of $4.85.

W.H. Measures

W.H. Measures,
Secretary, Govt. Hospitality Committee

Ottawa, August 20th, 1932.

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REFERENCE NO.67

BRIEF FOR THE INCREASE OF TARIFF ON ITEM 494a

(CORK IN SLABS)

1. (a) Wood fibre building boards, possessing physical characteristics resistant to the transmission of heat to a degree that they meet the Government specification as building insulation, are at the present time produced in Canada by the following firms:-

Alexander Murray & Co., Limited,
Agents for Canada for
Donnacona Paper Co. Limited,
Donnacona, P.Q. "Donnacona"

Building Products, Limited,
Montreal, P.Q. "Insul-Board"

International Fibre Board Limited,
Ottawa, Can. "Ten/Test"

With a view to meeting the anticipated domestic demand for thermal insulation of this nature, the Canadian public invested capital to the extent of approximately $6,000,000 in the above companies. Further, in addition to publications by the Government, large capital expenditures have been made in educational publicity, advertising the advantages in fuel economies and comfort which may be secured by the incorporation of these materials in buildings. That such productive efforts and advertising are warranted is indicated by the fact that the initial publicity on this subject was produced and distributed by the Dominion Fuel Board, which attitude of the Government has, to a great extent, fostered the expansion of the industry. The volume of the resulting production has become an exceedingly important item in the economy of operation of Canadian paper mills generally, and has had the keenest interest and approval by all Canadian Forest Research groups and the Dominion and Provincial Governments because of its direct contribution to the problem of reducing the loss from waste of Canadian woods. Further, the economies effected in the consumption of imported fuels are of material interest to this Dominion.

(b) This industry gives employment to a large number of persons in its manufacture and distribution.

(c) Export markets are essential to the survival of our industry. Strenuous efforts are being made to this end, but can only be supported by profitable operation in the domestic market. If the demand from these markets can be developed to utilize the surplus production capacity of our mills, it will result in substantial increase to the overseas trade of the Dominion.

(d) The Government in 1931 indicated its concern for the welfare of this industry by granting protection from foreign materials of the same nature by raising the Tariff on "____ Insulation manufactured wholly or in part of vegetable fibre" to the following rates: British Preferential 15%; Intermediate 25%; General 35%; Most Favoured Nations 25%, less 10% (Tariff Item 192).

(e) The Government investigated fully the claims of a raw material not produced in Canada and proposing to compete with Canadian wood waste materials for the manufacture of insulating board in the case of the application for the free entry of Bagasse of sugar cane (Celotex) in 1930, and upon the evidence laid before the Tariff Board at that time by the Canadian manufacturers of insulating board, and by the Government laboratories and officials of Provincial, Agricultural and Forestry Departments, not only denied the application, but refused entry to bagasse of sugar cane.

2. IMPORTATIONS OF CORK

(a) The increasing demand for insulation in buildings, which has, in large part, been the result of the research, development and

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advertising of the Canadian manufacturers of insulating materials, has resulted in a steadily increasing importation into Canada, year by year, of cork in slabs, boards, planks or tiles, produced from cork waste or granulated or ground cork: The following table represents the values of importations into Canada from the principal sources of this material for the years 1926, to June, 1932, inclusive:

FOR YEAR ENDING DECEMBER 31st

From	1926	1927	1928	1929	1930	1931	To June 30,1932
	$	$	$	$	$	$	$
United Kingdom	15	50	854	16	101	4,932	823
United States	40,896	27,161	63,924	50,248	33,019	13,565	12,400
Portugal	14,765	25,215	43,175	64,328	68,961	16,650	11,228
Spain	182,725	242,677	250,984	313,272	211,024	108,781	90,316
All Others	83	43	189	-	185	236	-
TOTALS	$238,484	$295,146	$359,126	$427,864	$313,290	$144,164	$114,767

(b) It will be noted that the principal source of Cork is Spain, second in importance being Portugal, and third in importance the United States. Cork is not produced in Canada nor in any Empire country. It is evident from the figures covering six months, 1932, that an exceptional increase in the importation of cork is in progress this year in spite of the decreased amount of building in progress. This fact is sharply illustrated by the following table which states as a percentage the ratio of the total annual importation of cork in dollars to the building construction figures in dollars for the same year (McLeans):

A - Value of Cork importations
B - Building construction
C - Ratio of value of Cork importations to building construction.

	A	B	C
1927	$ 295,146	$328,357,300	.00908
1928	359,126	372,798,800	.000963
1929	427,864	382,031,800	.001129
1930	313,290	275,915,200	.001133
1931	144,164	177,674,600	.000814
1932 x	104,867	44,800,100	.00234

x To June only.

It will be noted that for six months, 1932, the ratio of proportion of Cork to building activity in Canada jumped to .00234, as against the highest previous figure, namely 1930, when the ratio was .001133; in other words, this ratio for the current year is more than double its highest previous level.

3. ADVERSE EFFECT OF DECLINING VALUE SPANISH PESETA

(a) The chief source of Cork is Spain, as indicated by the figures given above. The growth of importations of Cork from Spain to Canada has accelerated year by year up to 1929. 1930 shows a substantial decline, which was again halved in 1931. 1932, however, indicates an importation for the year, estimated from the importation for six months ($90,316) of approximately $200,000, or nearly the 1930 figure. This would appear to indicate that some special influence is at work in stimulating the importation of Cork. The explanation lies, of course, in the exceedingly low prices at which cork is being offered; these, in turn, are due to the steadily decreasing value of the Spanish peseta and the effect of Canadian Tariff decrease effected in 1930. A table indicating the decline in value of the peseta is set forth herewith, the figures being as supplied by the Royal Bank of Canada:

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	1927	$17.00 - 100 Pesetas
	1928	17.00 - " "
Jan.	1929	16.35 - " "
June	1929	13.80 - " "
Jan.	1930	13.37 - " "
June	1930	11.14 - " "
Jan.	1931	10.50 - " "
June	1931	9.78 - " "
Jan.	1932	9.49 - " "
June	1932	9.40 - " "

4. ADVERSE EFFECT OF CANADIAN TARIFF REDUCTION (1930)

(a) Cork comes into Canada under Tariff Item 494a, Revised effective May 2nd, 1930, which reads as follows:

"Cork slabs, boards, planks and tiles produced from cork waste or granulated or ground cork

General Tariff	25%
Intermediate	17½%
British Preferential	Free

Previous to May 2nd, 1930, Tariff Item 494a had, since 1914, provided rates as follows:

General	30%
Intermediate	30%
British Preferential	20%

The effect of the reduction of Tariff, particularly the Intermediate Item in 1930, plus the declining value of the Spanish peseta has opened the way for the making of prices delivered in Canada on Cork as indicated above, at the expense of a substantial share of the business in building insulation previously enjoyed by Canadian manufacturers.

(a) It is significant to note that the United States Tariff Act of 1930, Item 1511, reading as follows:

"Cork insulation, wholly or in chief value of cork, cork waste, or granulated or ground cork, in blocks, slabs, boards, or planks, 2½¢ per board foot _____"

raised the tariff prevailing in that country against this material from 30% ad valorem to 2½¢ per board foot. 30% ad valorem which represented approximately ½¢ per board foot at that time indicating the substantial character of this action.

(b) Your petitioners consider that this restriction of imports of cork by the United States, coupled with the world-wide reduction in demand for all commodities, has had the effect of forcing cork into other markets, including Canada, at reduced prices. Canada is particularly affected by this condition, as the major importers of Cork to this country are subsidiaries of United States firms who either maintain manufacturing plants in Spain and the United States, or are otherwise vitally interested in the maintenance of sales.

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6. CORK COMPETITION

(a) The industry now finds itself menaced by competition from Cork board which is being offered at prices far below these at which it is economically possible to market fibre board.

(b) Cork, as manufactured for insulation purposes, is conceded to be of equal merit with wood fibre boards in respect to insulating value. Owing to its physical nature, namely, sizes and thicknesses, cork adapts itself in building insulation readily to roof deck insulation. This market has been developed by major efforts on the part of Canadian manufacturers of insulation board, and is essential to the operation of their industry. During recent months, and at present owing to reduced prices in Cork, due to the factors set forth above, the inroads upon this market by imported Cork have assumed critical proportions.

(c) The following prices have been recently quoted by Cork importers on one inch thickness:

Armstrong Cork & Insulation Co.-	6¼¢ per sq. ft. with 5% discount, sales tax extra, f.o.b. Mtl. -	$59.37 per M. sq. ft.
Mundet Cork & Insulation Ltd.-	6¼¢ per sq. ft. with 10% discount, sales tax extra, f.o.b. Mtl. -	$56.25 per M. sq. ft.
Cork Insulation Co. (Canada) Limited -	5.85 cents sq. ft. tax extra, f.o.b. Montreal -	$58.50 per M. sq. ft.
Luse Stevenson Co., Chicago -	4½¢ per sq. ft. 1" Ex. Dock, Montreal, subject to prior sale -	42.50

Copy of specimen quotation is attached hereto under Schedule A.

The above quotations are higher than many which have been, and are being offered, as Cork prices on individual jobs are apparently subject to further revision.

7. FIBRE BOARD PRICES

(a) A price list of International Fibre Board Limited is attached hereto and headed Schedule B. As noted the price for 1" thickness, f.o.b. Gatineau, Que., is

Carload lots	$67.50 per M. sq. ft.
L.C.L. lots	69.50 " " " "

Delivered prices in L.C.L. lots are as follows:-

Hamilton	$77.10 per M. sq. ft.
Toronto	77.10 " " " "
Montreal	75.02 " " " "
Halifax, N.S.	78.78 " " " "
Saint John, N.B.	78.78 " " " "

(b) These fibre board prices are representative of prices in the fibre board industry. These prices are necessary to economic operation of the plants of the Canadian manufacturers of fibre insulating board, and manufacturing costs of the Companies are at your command, if desired.

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(c) Samples of the respective materials are forwarded herewith and marked "Exhibit A - Cork Board"
"Exhibit B - Fibre Insulation Board".

8. PROTECTION SUGGESTED

(a) In the interests of the Canadian investment in plant and equipment for the manufacture of building insulation, Canadian forest materials which compose these products, and the employment of Canadian labour in the manufacture and distribution of these products, we pray that the rates of duty under Tariff Item No. 494a be raised to the following basis -

General and Intermediate Tariff	2½¢ per board foot
British Preferential	2¢ " " "

(b) Alternatively, we believe the following tariff rates would materially assist in correcting the situation:

General Tariff	1½¢ per lb. plus 35% ad valorem
Intermediate Tariff	1½¢ per lb. plus 35% ad valorem
British Preferential	1¢ " " " 25% " "

We respectfully pray your consideration and favourable action on this matter, and await the opportunity to place before you any further facts that may be desired in connection with this matter.

A. H. Marden — Vice-President & General Manager, Alexander Murray & Co. Ltd.

W. R. McNeil — Vice-President & General Manager, Building Products Limited.

G. J. Lane — General Manager, International Fibre Board Limited.

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REFERENCE NO. 67

C O P Y

SCHEDULE A

ARMSTRONG CORK & INSULATION COMPANY LIMITED
1001 McGill Building
Montreal, P. Q.

7th September, 1932.

Messrs. Alexander Murray & Company Ltd.,
4035 Richelieu St.,
Montreal, P. Q.

Dear Sirs,

Attention: Mr. A. B. Wynne

Your letter of August 31st, addressed to the Cork Import Corporation, New York, has been forwarded to us for attention.

For a carload of corkboard or more for shipment at one time we are pleased to name you the following figures, f.o.b. Montreal, Sales Tax Extra:

1" Corkboard	.6-1/4¢ per sq. ft.
2" "	.10-1/2¢ per sq. ft.

As we have this material in stock, we are in a position to make prompt shipment and trust we may have the pleasure of receiving your valued order.

For your information, we would say that a carload comprises 20,000 board feet.

If you are in a position to wait six or eight weeks for delivery we are able to better these quotations somewhat.

Yours truly,

ARMSTRONG CORK & INSULATION CO. LTD.

(Sgd.) J. G. Kent.

JCK/A

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Senate

Bromley Hall 124907 C
215 McLeod St.
Ottawa

23rd Sept. 1932.

Mrs Arthur Meighen.

Dear Madam:

If you anticipate accompanying your husband when Parliament opens and have not yet secured accomodation would be glad if you will consider our establishment which as a private residential hotel has no equal in Ottawa.

Monthly rates for double bedroom, twin beds & private bathroom $60, 65, 70.

Single room with private bathroom $50 or with hot & cold basin only $40.

Double Rooms, twin beds with adjoining bathroom $45 & 55.

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First-Class board 3 12490 Lb
per day $40 monthly, or
Single meals optional.
Also one excellent Suite at
$90 per month.

Yours faithfully
Charles Morris
Prop.

Late Manager of
The Royal Ottawa Golf Club
for a number of years.

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OFFICE COPY

Senate

12400½ C.p. OM.7-30

Referred to	Required by
Mr. MEIGHEN	Mr.
Mr.	In ____ days
Mr.	From
Mr.	O.K. to File

October 25th, 1932.

Dear Mr. Sherman:

If you could make it convenient to come down to Toronto tomorrow, Wednesday, afternoon, it might be worth while for me to have a talk with you with regard to the present situation.

If you cannot, would you kindly call me up.

Yours truly,

C. W. Sherman, Esq., President,
Dominion Foundries & Steel Ltd.,
Depew Street,
Hamilton, Ontario.

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THE SENATE
CANADA

Ottawa, 28th November, 1932.

Dear Mr. Meighen:

On Friday I brought to the attention of the Committee on Internal Economy your letter of the 23rd with respect to a subscription to the Senate Reading Room to the Canadian Railway and Marine World. As there are many publications in the Reading Room which are not required, the Committee appointed Senators King, Laird and Lemieux to revise the Senate list and to bring it into line with present day requirements. The Committee directed me to say that when that revision is under way, consideration will be given to the Canadian Railway and Marine World.

Yours truly,

A. E. Blount

Clerk of the Senate.

The Right Hon. Arthur Meighen,
P.C., K.C., Senator,
347 Bay Street,
Toronto, Ont.

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THE SENATE
CANADA

The Clerk of the Senate
Ottawa

30th November, 1932.

Dear Mr.Meighen,-

The Committee on Internal Economy and Contingent Accounts authorized me to place the sessional staff on half pay during the long adjournment.

Herewith is a copy of a letter I have written the Honourable the Speaker of the Senate, and a copy of his reply.

To-day, I am notifying all sessional employees that they will receive no pay during the long adjournment.

Yours truly,

A. E. Blount

Rt.Hon.Arthur Meighen, P.C.,
Canadian General Securities, Ltd.,
347 Bay Street, Toronto, Ont.

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THE SENATE
CANADA

The Clerk of the Senate
Ottawa

29th November, 1932.

Dear Mr.Speaker,-

To-day the Prime Minister called me by telephone and inquired if it was the intention of the Senate to place their sessional staff on half pay during the adjournment. In reply I stated that the Committee on Internal Economy and Contingent Accounts had authorized payment during the adjournment at one half rate. He then informed me that if those payments were made by the Senate he would see that the Government refused to provide the money. I informed him that the Senate had followed the usual course in providing for half pay during long adjournments, and that on previous occasions the Commons had done likewise.

In view of the order of the Committee and the attitude of the Prime Minister, I would be obliged if you would be good enough to let me have your instructions.

Yours truly,

(Signed) A.E.Blount

The Honourable,
The Speaker of the Senate,
The Senate,
O t t a w a, Ont.

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THE SENATE
CANADA

Nov. 29, 1932

Mr. A. E. Blount

Clerk of the Senate

The Senate.

Dear Mr. Blount,

Answering your letter of to-day, informing me of the orders just received by you from The Right Hon. the Prime Minister, concerning the pay of the temporary sessional employees, I consider that should Parliament be still sitting it is probable, or we may assume, that the Senate Committee might reverse its decision, considering that the House of Commons have decided not to pay the same employees. In the present circumstances, I feel that I must take full responsibility, as it would be harmfull to let those civil servants count on a salary which will not be forthcoming, and to ask you to advise them consequently and at once.

Yours truly,

(Signed) P.E.Blondin,
Speaker.

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Ottawa

124901 CU

347 Bay St., Toronto,
December 12, 1932.

Dear Mr. Ritchie:

I have yours of 7th. Your letter to Mr. Breadner is quite in order. Please let me know his reply so that when I next go to Ottawa I can press the matter farther.

Yours very truly,

Arthur Meighen.

Mr. Harold F. Ritchie,
Toronto, Ont.

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CABLE ADDRESS RITCHSTONE

HAROLD F. RITCHIE & COMPANY LTD.

WITH WHOM ARE ASSOCIATED

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10-18 MC CAUL STREET
TORONTO, ONT.

December 7, 1932

Rt. Hon. Arthur Meighen, P. C.
57 Castle Frank Cresc.
Toronto, Ont.

Dear Mr. Meighen:

Thank you very kindly for your letter of November 25th. from Ottawa, replying to my letter of November 10th. in regard to the duty on Tartaric Acid Crystals.

I again want to apologize for troubling you in this matter. Yourattention to it, however, and your reply to me is more than appreciated.

I have written to Mr. Breadner today as per the attached copy, which I hope is in order and does not contain anything that fails to meet with your approval.

Sincerely yours

Harold F. Ritchie

HFR:E
Encl.

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CANADA

124901 cW

December 7, 1932

R. W. Breadner, Esq.
Commissioner of Customs
OTTAWA, Ont.

Dear Sir:

One of our companies, J. C. Eno (Canada), Ltd. has written to you in regard to the importation of Tartaric Acid Crystals from Germany and other countries. There was also, I believe, some correspondence with Mr. H. B. McKinnon the Commissioner of Tariffs.

There has been a duty of 10%, ad valorem placed on this product. It formerly came in free. The raw materials are not produced in England nor in the British Empire and the labour of refining in the British Empire is not 50%. Therefore, the goods cannot come in from any part of the Empire free.

We brought to this country the ownership of Eno's "Fruit Salt". We operate a factory in Canada employing a good many people and we have made contracts in Germany for goods when the tariff was not applicable. This has made it very difficult for us, and as this product is not produced in Canada and not produced in the Empire so it can come into Canada free are we not entitled to consideration?

In asking the question in this way I hope you will understand that I am submitting the question respectfully for your sincere consideration.

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I believe that our mutual friend, Senator Meighan, has taken this up. I believe that he discussed it with you on our behalf and I am sincerely hopeful that your view on this matter will co-incide with ours and that we may gain relief through a ruling in our favour.

Thanking you in anticipation, I beg to remain

Very sincerely yours

HFR:E

President

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JOHNSTON, ALLEN & COMPANY LIMITED

FACTORIES
LURGAN, IRELAND

E. S. EDWARDS
DIRECTOR

December 20
1932

TORONTO OFFICE
McKINNON BUILDING

The Right Honorable Arthur Meighen,
National Building,
Toronto.

Dear Mr. Meighen:

Mr. Breadner has just sent me a letter enclosing the Memorandum which he has passed. His Memorandum rules that goods which are sent to China for a small portion of the manufacture, and brought back to be finished in Ireland, are not entitled to British preference because he contends the finishing, which includes laundering, folding, ribboning, and boxing, is not part of the manufacturing. This merchandise has been refused the British preference although over 65% of the manufacturing has been done in Great Britain, and by this ruling, has been put on the same footing as foreign goods.

In the majority of cases, the finishing process requires more labor than the embroidery which we have put on in China. Mr. Breadner's ruling means that in future our goods will be subjected to the General Tariff of 35% although, as I said, over 65% made in Great Britain, therefore, what have always been considered British goods are now subjected to the same tariff as goods made entirely in China.

This ruling is not justified, and a Tariff Board to which one can appeal such decisions made by one individual, will be an excellent thing.

The technical point on which Mr. Breadner is in error is his contention that the embroidery is the final process of manufacture. Goods are not ready for the consumer as they come from the embroiderer. They have to be finished by laundering, folding, and putting in a saleable condition and any manufacturer in Ireland would consider it a process of manufacture.

Mr. Breadner substantiates his decision by the fact that the British Trade Commissioner here

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CANADA

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JOHNSTON, ALLEN & COMPANY LIMITED

FACTORIES
LURGAN, IRELAND

E. S. EDWARDS
DIRECTOR

TORONTO OFFICE
McKINNON BUILDING

December 20
1932

approves of his ruling, but if the Trade Commissioner knew that this meant the moving of our finishing process to China, from Ireland, giving the Chinese the labor instead of the Irish, I think he would change his opinion.

I am at a loss to understand Mr. Breadner's right to make the decision that the finishing process is not a process of manufacture. He states that the embroidery done in China is the final process of manufacture in spite of the fact that the finishing comprises more of the cost of production than the embroidery and gives a great deal of employment in Ireland.

We, as Irish manufacturers, would welcome anything to help our industry but Mr. Breadner's ruling does not. We were forced to send our cloth to China for the cheap embroidery labor in order to compete with the Chinese houses shipping direct to Canada and, as I pointed out before, other Irish manufacturers could have availed themselves of this privilege. He now penalizes us with the General Tariff on goods that we take back to Ireland to give the Irish the labor on finishing.

This new ruling is of great benefit to houses importing "Made in China" goods directly from China, in as much as it requires us to pay the same duty they do, but is actually of no benefit to the Irish manufacturers.

I think something should be done to bring this situation clearly before Mr. Breadner, as I have failed to do so.

Yours very truly,

E. S. Edwards

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124901 da

The Senate of Canada

COMMITTEES BRANCH

MEMO: Mr. Meighen.

Re attached. Am today advised by Mr. Sim that report is pending before Council recommending a drawback, but it does not apply to the special duty.

A.H.H.

OTTAWA,
30-12-32.

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H. H. LOVE
PRESIDENT

JOHN C. SAUL, M.A.
EDITOR-IN-CHIEF

W. J. GAGE & Co. LIMITED

MANUFACTURERS AND SELLING AGENTS
FOR
The Educational Book Co. of Toronto, Limited
PUBLISHERS OF SCHOOL AND COLLEGE TEXT BOOKS

ALL BOOK CONTRACTS, BOOK PLATES, AND COPYRIGHTS ARE THE PROPERTY OF THE EDUCATIONAL BOOK CO. LTD. AND ALL CORRESPONDENCE IS CARRIED ON THROUGH W. J. GAGE & CO. LIMITED

82-94 SPADINA AVENUE
TORONTO December 21, 1932

The Right Honorable Arthur Meighen,
The Senate,
Ottawa,
Ont.

Dear Mr. Meighen:

I enclose you copies of two letters from Mr.Breadner and copy of our reply.

As the letter of the 20th indicates some possible qualification of his previous statement, I have replied to him and enclose a copy of my reply.

My point is that on any dutiable article there is not only the regular tariff but also a special duty imposed which is the difference between the pound at 4.40 and the current rate. Now the practice, as I understand it, has been that articles on which the drawback applies, are allowed only on the amount of the regular duty, but not the special duty.

My suggestion would be that if they insist on this applying to school books, they are only meeting the situation half-way and that the alternative would be to subject the completed books to a duty and allow them the drawback in exactly the same manner.

It sounds very complicated but as I have to thank you for getting some action on the matter, I thought you would be interested.

I would appreciate it if it were possible for you to again see Mr. Breadner and discuss the matter to make sure that the point we have made is covered in any adjustment of the situation. I again repeat that all we ask is that the raw material be put as nearly as possible on the same basis as the completed article, and the 99% drawback if applied to all the customs charges would seem to reasonably serve our needs.

Yours faithfully,

H. H. Love

HHL/h.

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COPY

Ottawa, 17th December, 1932.

Department of National Revenue
Customs Division,

Ottawa, Canada.

H.H.Love, Esq., President,
W.J.Gage & Co. Limited,
82-94 Spadina Avenue,
Toronto, Ontario.

Dear Mr.Love:-

With reference to your letter of the 30th ultimo, regarding the importation of materials to be used in the manufacture of text books for schools, I may state the Minister is submitting a recommendation to Council asking for authority to grant a drawback of 99 per cent of the customs duties paid on imported materials used in the manufacture of such books.

In due course you will be further advised in regard to this matter.

Yours faithfully,

Commissioner of Customs.

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COPY

DEPARTMENT OF NATIONAL REVENUE,

Customs Division

Ottawa, 20th December, 1932.

Dear Mr.Love:-

This will acknowledge receipt of your communication of a few days ago with regard to book paper, thread, mull and millboard which you may have to import from Great Britain in connection with the production of school books under contract with the Boards of Education of the Provinces of Alberta and Saskatchewan, should you be successful in obtaining same and pointing out that in order to preserve the production of such text books for Canadian workmen in Canadian factories, materials used in the production of such books should be free of customs duties since the books themselves may be imported free in completely manufactured condition.

Your representations were submitted to the Honourable Mr.Ryckman, Minister of National Revenue, who, after giving the matter careful consideration has submitted a recommendation to Council which will meet the situation.

When the department is in a position to advise you of the action taken by Council on the Honourable Mr.Ryckman's recommendation you will be communicated with promptly.

Yours truly,

(Signed) Commissioner of Customs.

H.H.Love, Esq.,
President,
W.J.Gage & Company, Ltd.,
82 Spadina Avenue,
Toronto, Ont.

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CANADA

124901 df

R. W. Breadner, Esq.,
Commissioner of Customs,
O t t a w a ,
Ont.

Dec. 21,1932

Dear Mr. Breadner:-

I thank you for your letter of December 20th, and note what you say in reference to the paper and other material which we would require should we be successful in securing the contract for the Readers for the four Western Provinces. But I would like to make it clear to you that this particular contract was mentioned only as an illustration of one instance in which the present situation is disadvantageous to Canadian workmen and Canadian factories - and I would like to emphasize that our request is free entry of raw material for the manufacture of school books be permitted in all cases when similar completed books are free.

The result will be that many now imported will then be manufactured in Canada and the manufacturers in Canada will be on a more equal basis of costs with the British manufacturers.

Our information from the Customs Department in Toronto is that in cases where drawback duty is allowed, such drawback applies only to the regular duty, and not to the special duty on the difference in exchange, whereas if goods are entered free, there is no special duty.

The drawback of 99 per cent, suggested in your letter of December 17th,would seem to meet the case reasonably well if it is applied to both the regular duties and the special duties.

Yours very truly,

President.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
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124001 dg

H. H. LOVE
PRESIDENT

JOHN C. SAUL, M.A.
EDITOR-IN-CHIEF

W. J. GAGE & CO. LIMITED

MANUFACTURERS AND SELLING AGENTS
FOR
The Educational Book Co. of Toronto, Limited
PUBLISHERS OF SCHOOL AND COLLEGE TEXT BOOKS

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82-94 SPADINA AVENUE
TORONTO Decr. 31,1932

The Right Honourable Mr. Arthur Meighen,
372 Bay Street,
Toronto

Dear Mr. Meighen:

I enclose you a letter from the Department of National Revenue. To our mind, while it seems to admit the injustice of the present situation, they are not able or willing to fully adjust it. A drawback of 99% does not give us anything like the advantage that a duty free permit would give on raw materials. As you will see by their statement, the drawback does not apply on the special dumping duty which is placed on the difference of exchange, as there is no dumping duty when the goods have free entry.

Of course we are very grateful for half a loaf which is better than none.

I am just writing this to keep you in touch with the situation which you were good enough to follow up for me, and if anything further can be done, I would appreciate it.

Yours sincerely,

H. H. Love

HHL/h.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

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COPY

Ottawa, Dec. 28th,1932

124901 dh

W. J. Gage & Co.,
Toronto

Dear Sirs:

I have your letter of the 21st inst. in respect to the payment of drawback under Item 1061, Schedule B of the Tariff:

In reply I beg to state that the Department has not the authority to pay drawback under the Law granting drawback for Home Consumption on Special or Dumping Duties, as they are specially mentioned in the Act.

The recommendation is still before Council and you will be advised as soon as the Department has been notified of its approval.

Yours truly,

(sgd) J.M.Pender
For Commissioner of Customs.

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124901 di

H. H. LOVE
PRESIDENT

JOHN C. SAUL, M.A.
EDITOR-IN-CHIEF

W. J. GAGE & Co. LIMITED

MANUFACTURERS AND SELLING AGENTS
FOR
The Educational Book Co. of Toronto, Limited
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82-94 SPADINA AVENUE
TORONTO (2)
November 25, 1932.

The Right Honourable Arthur Meighen,
National Building,
TORONTO.

Dear Mr. Meighen:

Taking advantage of a recent conversation with you, I 'phoned your office but you were out of town, and I am leaving immediately for New York, where I will be for a few days.

I am taking the liberty of writing to set forth my more or less petty problem, in which I seek information as to whom I could direct correspondence pertaining to the Tariff matter which is giving me some concern. I would like to make it clear, however, that I have no intention of using your name but simply ask direction on a question on which I will not even ask your opinion, but in order that you may know clearly, I am sending you a copy of a letter written to the Honourable, the Minister of Finance, together with a letter immediately following it to the Commissioner of Customs.

The point is that I have repeatedly written the Minister of Finance, the Department of National Revenue and the Tariff Preparatory Committee, Imperial Conference, and have had representatives visit Ottawa, but can get no definite statement of any kind.

I want to ask you, therefore, as to whom I could write in Ottawa who would pursue the matter to a conclusion and let me have something definite whether it is favourable or otherwise as I am not seeking favours but my question to the Government briefly is that if the completed article in the form of a book is allowed into this country free, we should also be able to import the paper, board and other raw materials which are used in the making of these books free of duty.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

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124901 dj

H. H. LOVE
PRESIDENT

JOHN C. SAUL, M.A.
EDITOR-IN-CHIEF

W. J. GAGE & CO. LIMITED

MANUFACTURERS AND SELLING AGENTS
FOR
The Educational Book Co. of Toronto, Limited
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82-84 SPADINA AVENUE
TORONTO (2)

November 25, 1932.

The Right Honourable Arthur Meighen — Page 2.

If you could give me a memorandum as to whom I could apply, it would be quite sufficient rather than taking up any of your time as I know you are a very busy man. To me the problem seems a simple one if I only knew where I could make application for the proper consideration.

Yours sincerely,

H. H. Love

PRESIDENT.

HHL/DP

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
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CANADA

COPY-

April 27,1932

124901 dk

To the Honourable,
The Minister of Finance,
O t t a w a ,
Ont.

Honourable Sir:-

In view of the forthcoming British Conference, we make the request that our Government relieve an inequitable situation in that British Publishers of school books are enabled to take advantage of the wording of Item #175 of our present Tariff at the expense of Canadian Publishers, and which situation we briefly summarize as follows:-

British Publishers are permitted under said Tariff provision to have:

1. Original manuscripts of Canadian educationalists and authors
2. illustrated by Canadian artists
3. edited by Canadian editors
4. for use solely in Canadian schools
5. set in type in England
6. engravings made in England
7. "printing and binding" done in England
8. the completed book then shipped into Canada free of duty
9. and, being duty free, enjoy the advantage of exchange.
10. Also as a duty free item, it is possible to invoice at cost to their Canadian Office who in turn may bill their Canadian customers at selling prices, whereby permitting of a saving in excise tax.

We submit that the effect of this is discrimination against Canadian Book Publishers as the British Publisher has the following advantages:-

(see next page)

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124901 dl

The Honourable, the Minister of Finance — Apr.27,1932

		Wages per week Toronto	London
(1)	80% approximately higher labour cost for setting type in Canada:	$37.44	$21.63
(2)	90% (Approx.) higher labour costs for printing:	$37.44	$19.44
(3)	90% (Approx.) higher labour costs for book binding	$37.44	$19.44
(4)	70% (Approx.) higher labour costs for engraving	$55.00	$34.02
(5)	Lower cost of general overhead expenses on account of labour costs in office, factory and warehouse	Raw material cost Toronto	London
(6)	Lower cost of paper which is made in England imported from pulp or Esparto Grass	7 3/8¢ lb.	5¢ lb.
(7)	Lower cost of cover board	$98. ton	$68. ton
(8)	Thread, made from cotton imported	2.09 lb.	2.34 lb.
(9)	Mull, made from Cotton	4½¢ yd.	2 7/8¢ yd.

British wages quoted above were taken from the 20th Abstract of Labor Statistics issued by the Ministry of Labor, London, Eng., March 1931, and are the maximum, as in other cities than London wages are 10% to 15% lower.

The prices of raw materials are current quotations received by us.

The Canadian Printer and Bookbinder is obliged to purchase his paper, cover board, mull and thread in Canada, or pay a high rate of duty on the lower priced English product.

Cloth covering for school books is subject to 99% drawback on proof of use for such purpose, also electroplates for use in printing school books are allowed in free, and we therefore submit (A) that either all other raw materials entering into the manufacture of school books be allowed in free, or (B) that the completed books be made subject to duty "excepting only such books of foreign publication which are authorized for use in schools, colleges and libraries, and which do not contain 20% or more of the original work of Canadian authors or artists."

As a single illustration, (but one of major importance) of our present disadvantageous position, we (Canadian publishers) are in competition with English Publishers for a series of school Readers for use in the schools of the four Western Provinces, to be authorized for a period of ten years, and to be ready next September. The whole is

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

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required to be the work of Canadian artists and editors, and the whole of the lower grade books and a goodly proportion of the senior grade books must be original works of Canadian authors, and this contract (according to our estimate) involves not less than one million books, and the average retail price of such books will be somewhere about 45¢ each (having shared in this same contract during the past ten years, we should have a fairly accurate knowledge of the quantities).

All we ask is that the Canadian Publisher be given equal advantage in the matter of costs with British Publishers which we submit is but a fair request, and we feel sure that a reversal of the situation between the two countries would not be tolerated.

There can be no disadvantage to Canadian authors or artists as we are aware of no other books than school books for Canadian schools in which their services are employed, and the change suggested would not deter the publishing of a single one of these books.

Freight costs to the Maritime Provinces and the Western Provinces approximate the same (i.e. average) from London as from Toronto, and shipments are made from England via Panama to Victoria, for example, at less than freight cost from Toronto.

Yours very truly,

W. J. GAGE & CO., Limited,

(sgd) H.H.Love

President.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
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CANADA

124901 dn

April 29, '32.

The Department of National Revenue,
Customs Division,
O T T A W A,
Ontario.

Attention Mr. P. L. Young,
Commissioner of Customs

Gentlemen:

Answering your letter of April 26th, we advise as follows:

1. The quality of paper is what is known as Book Paper, as differing from Newsprint, or fine writing, and we can give no further description other than that it is suitable for use in the making of school books.

2. Thread: Cotton or linen thread used in the sewing of books.

3. Mull: A very thin coarse woven cotton fabric used in strengthening the backs of books.

4. Millboard is difficult to define in any other way than that it is the board used for making covers of books - sometimes called Binders Board.

Answering your last question, all the above goods can be procured in Canada but at a much higher price, as also can the completed books, but our request is that if the completed books are to be continued to be allowed in free of duty, then the raw material should also be allowed in free; otherwise the British Manufacturer has a tremendous advantage in costs of manufacture.

We do not know how we could give you more complete specifications, but would suggest that importation should be subject to affidavit that they were to be used for this purpose only.

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12490 I do

The Department of National Revenue, Ottawa

April 29, 1932.

In connection with this matter, I am enclosing a copy of letter which we are sending at the suggestion of the Department of Finance, as a brief summary of considerable correspondence which has taken place between us on the subject during the last two years.

No doubt the subject will be dealt with at the Imperial Conference, but our request to you is that in the interim paper for use in school books may have the same privilege of free entry as the completed article.

Trusting the above is sufficiently clear specification of our application, we remain

Yours sincerely,

W. J. GAGE & CO., LIMITED,

President.

Encl.

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PUBLIC ARCHIVES
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CANADA

124901 dp

347 Bay Street, Toronto,
November 26, 1932.

Dear Mr. Love:

I have your letter of 25th this morning and have read the enclosures in order to familiarize myself with the matter that so deeply concerns you.

The man who would have this directly in charge would be R. W. Breadner, Commissioner of Customs, Department of National Revenue, Ottawa. No doubt, however, he already has had referred to him your letter to the Minister of Finance, and all that can be done is to keep on pressing. You might ask him whether or not consideration has been given your request in the preparation of the tariff amendments of this year.

I am keeping the matter carefully in mind and hope to be present when these matters are under review.

Yours very truly,

Arthur Meighen.

Mr. H. H. Love,
W. J. Gage & Co. Limited,
82-84 Spadina Ave.,
Toronto, Ont.

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124901 dq

Ottawa

347 Bay St., Toronto,
December 3, 1932.

Dear Mr. Love:

I have your letter of 30th. Am going down next week and will be speaking to Mr. Breadner on this subject.

Yours very truly,

Arthur Meighen.

Mr. H. H. Love,
W. J. Gage & Co. Ltd.,
82-94 Spadina Ave.,
Toronto, Ont.

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124901 dr

H. H. LOVE
PRESIDENT

JOHN C. SAUL, M.A.
EDITOR-IN-CHIEF

W. J. GAGE & Co. LIMITED

MANUFACTURERS AND SELLING AGENTS
FOR
The Educational Book Co. of Toronto, Limited
PUBLISHERS OF SCHOOL AND COLLEGE TEXT BOOKS

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82-94 SPADINA AVENUE

TORONTO November 30,
1932

previous papers not on file here Oct 1st

The Right Honourable Arthur Meighen,
C/o The Senate,
O t t a w a ,
Ont.

Dear Mr. Meighen:

I thank you for your letter of November 26th, and have accepted your suggestion. Enclosed is a copy of the letter which I have forwarded to Mr. Breadner to-day. If you could do anything to bring the matter to a definite issue, I would appreciate it.

Yours sincerely,

H. H. Love

President.

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CANADA

124901 ds

(Enclosures are: Copy lr. to Min. of Finance, dated Apr. 27,1932 and to Dept. National Revenue, Ottawa, Apr. 29,1932.)

November 30, 1932

R. W. Breadner, Esq.,
Commissioner of Customs,
Department of National Revenue,
O t t a w a ,

DAB.

Dear Mr. Breadner:

For nearly two years now I have been in correspondence with your Government, with a view to securing some definite statement as to the possibility of rectifying what seems to be an anomalous position in a situation with regard to Tariffs on school text books, in that the completed book is allowed in free, whereas there is a high duty protecting the raw material entering into such books.

Our request is that we be allowed free entry of such raw materials for the purpose of manufacturing like books in Canada, in order that we may be on a competitive basis so far as the raw material is concerned, believing that the English publisher should not have the additional advantage of production in addition to lower manufacturing costs.

Just in case the letters are not handy for you at the moment, I am enclosing you copies of two which fairly outline the situation.

I would be glad to visit Ottawa at any time to discuss the matter with you.

Yours sincerely,

HHL/h.

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CANADA

[12490] dt

Tariffs

347 Bay St. Toronto,
January 3, 1933.

Dear Mr. Breadner:

I write you on December 27th regarding the Page-Hersey situation. Pending your reply, which has not yet come, I am sending copy of communication dated December 29th, which I have received from them.

Am anxious to hear from you on this matter. The situation is disturbing. As you know, this concern represents one of our vital industries and there is no better managed Company in the country.

Yours very truly,

Mr. R. W. Breadner,
Commissioner of Customs,
Ottawa, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

124901 du

347 Bay St., Toronto,
December 27, 1932.

Dear Mr. Breadner:

I have been waited on three different times now by the Page-Hersey people. I also have before me the correspondence between your Department and their representative, Mr. Frederic Jackson, 56 Sparks Street, Ottawa.

The effective correspondence dates from a letter dated October 31st, written to the Hon. Mr. Ryckman by the Company. From that date on it is not very lengthy, and I wish you could get time to look through it.

From the facts they present, it seems to me that a very serious injustice is being done them, in the matter of Boiler Tubes and Merchant Pipe. As you know, they are one of the best concerns we have in this country.

Would you kindly let me have in your own language your view of the subject, and if you could possibly intimate revisions to alleviate their position under any consideration for the coming Session, I would be exceedingly obliged.

Very sincerely yours,

Mr. R. W. Breadner,
Commissioner of Customs,
Ottawa, Ontario.

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ARCHIVES PUBLIQUES
CANADA

124901 dv
Tariffs

347 Bay St., Toronto,
December 23, 1932.

Dear Mr. Edwards:

I just received yours of 20th. This is a disappointment. I never see any value in taking up cases indirectly. You had the facts and presented them to Mr. Breadner direct, and that is much better than having them presented through me or anyone. However, I think now your better course would be to take this matter up with theBritish Trade Commissioner. He represents, as I understand it, both Great Britain and Northern Ireland, and consequently, would be deeply interested in having decisions which are of benefit to Northern Ireland. Am sorry I did not suggest before that you see him, but I did not know that the Commissioner consulted with the British Trade representative.

Your argument seems to me quite clear, and I think you could make a real impression on the Trade Commissioner and he might take it up again with Mr. Breadner. This at least is the best suggestion I can make.

Yours very truly,

Arthur Meighen.

Mr. E. S. Edwards,
Johnston, Allen &Co. Ltd.,
Toronto, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

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CANADA

Staff Meighen 124901 dW

E. S. EDWARDS

CABLE ADDRESS "EDWIN"

January 5
1933

McKINNON BUILDING,
TORONTO, CANADA

The Right Honorable Arthur Meighen,
347 Bay Street,
T o r o n t o.

Dear Mr. Meighen:-

I appreciate your letter of December 23rd which reached me after Christmas due to the fact that I was away for a few days.

I am greatly indebted to you for the interest you have taken on our behalf. I have taken your advice and suggestion and am now in touch with the British Trade Commissioner, and following it up from this end. I appreciate the fact that you will give my letter to Mr. Clark.

I, too, agree that my argument seems to be quite clear. In fact, I have every reason to believe that Mr. Breadner is not altogether happy about his new ruling, and I feel confident that when the Trade Commissioner takes this up with Mr. Breadner, we will secure a cancellation of his new ruling.

Thanking you again for your interest on our behalf, and with kindest regards,

Yours very truly,

ESE:HH

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CANADA

124901 dX

E. S. EDWARDS

CABLE ADDRESS "EDWIN"

McKINNON BUILDING, TORONTO, CANADA

December 7
1932

Right Hon. Arthur Meighen,
National Building,
Toronto.

Dear Mr. Meighen:

Replying to your letter of the 3rd, I note that you are visiting Ottawa this week, and that you will be seeing Mr. Breadner in respect to the new proposals which I am informed are going to be put through forthwith, which will change the tariff on embroidered handkerchiefs, bridge sets, and towels not entirely manufactured in Ireland.

On my visit to Ottawa, Mr. Breadner referred, in the first place, to the ruling which states that if 50% or more of the goods are made in Great Britain, having a substantial amount of labor and the finishing done in Great Britain, they can be exported as British goods. His first argument was that the finishing was not a process of manufacturing, and what was meant by finishing was the embroidery.

But previous rulings have been made against his argument and, after I reminded him of this, he dropped this side of the argument and said he could put through his new proposals by changing the wording or intrepretation of the wording of the new clause 540 (b), resulting from the Imperial Conference agreements, to mean that all table linens, towels, and handkerchiefs, to come under the preference extended by this clause, must be entirely manufactured in Ireland.

There is nothing to prevent other manufacturers in Ireland from doing what we were forced to do, that is, going to these foreign countries to have partial labor done. If we did not do this, we could not compete with the present tariff from these countries, compared to the British preference. As long as we complied with the 50% clause, we were able to compete with these foreign countries and give a great deal of labor in Ireland on the finishing.

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124901 dy

E. S. EDWARDS

CABLE ADDRESS "EDWIN"

December 7
1932

McKINNON BUILDING,
TORONTO, CANADA

Mr. Breadner did not seem to think that the finishing was a very important item but I point out that the finishing, which includes washing, ironing, folding, ribboning, and boxing, is a greater part of the total cost than the embroidery which is done in China with very cheap labor.

If we could not enjoy British preference on goods embroidered in China and finished in Ireland, it would not pay us to bring the goods to Ireland for partial manufacturing but rather to do all the work in China, shipping direct from there to Canada.

The proposals which Mr. Breadner anticipates putting through were originally instigated from this side, and the British Board of Trade questioned in regard to it. Someone has given them the impression they should agree to these proposals, but it will do away with a great deal of labor in Ireland.

In the event that the proposals are put through and the goods, made <u>entirely</u> in Ireland come under under 540 (b), even then they could not compete with the same goods made wholly in China and shipped in here under the general tariff. We know this because we have manufactured in both places.

As we are the only firm who have gone out to these foreign countries to compete with themfor the Canadian business, although it is the privilege of others to do it, why should our firm be penalized? I do not understand why Mr. Breadner wants to change the wording of the 540 (b) clause to say they must be embroidered in Ireland.

As long as we adhere to the clause that permits us to export goods to Canada under the preference, if they are over 50% British made, we should be allowed to continue as we are doing.

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CANADA

E. S. EDWARDS

124901 dz

CABLE ADDRESS "EDWIN"

December 7 1932

McKINNON BUILDING, TORONTO, CANADA

Rt. Hon Arthur Meighen. Page - 3 -

When our Company has had a chance to present this case to the British Government or to the new Proposed Tariff Board, I feel that, providing Mr. Breadner puts through his new proposal, he will only have to change it later on.

Yours very truly,

ESE: ES

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PUBLIC ARCHIVES
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CANADA

124901 ea

Ottawa

347 Bay St., Toronto,
December 3, 1932.

Dear Mr. Edwards:

I have your letter of 2nd.

Am going down next week and will be speaking to

Mr. Breadner on this subject.

Yours very truly,

Arthur Meighen.

Mr. E. S. Edwards,
Johnston, Allen & Co.,
McKinnon Bldg.,
Toronto, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
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CANADA

B.—That each article on this Invoice is *bona fide* the produce or manufacture of a country entitled in Canada to the benefits of the British Preferential Tariff and specified on the Invoice as its Country of Origin, and that each manufactured article on the Invoice in its present form ready for export to Canada has been finished by a substantial amount of labour in such country, and not less than one-half the cost of production of each such article has been produced through the industry of one or more British countries.

Dated at LURGAN, IRELAND this 4th day of November 19 32

(Signature) Robert Johnston

124901 eb

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

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124901 ec

JOHNSTON, ALLEN & COMPANY LIMITED

FACTORIES
LURGAN, IRELAND

E. S. EDWARDS
DIRECTOR

December 2
1932

TORONTO OFFICE
McKINNON BUILDING

The Honorable Arthur Meighen,
National Building,
Toronto.

Dear Mr. Meighen:

With further reference to this subject:

Attached is clause "B", which is printed on the back of all invoices. Our merchandise complies with this regulation and they should be considered British goods, even though a small portion of the manufacture, such as the embroidery, is done in China. But the Department have ruled that finishing is not part of the manufacturing, and mean that the embroidering is the finishing.

They previously ruled in our favor regarding this matter, and are now making a new interpretation of it. Therefore I went to Ottawa to try to prevent their putting through this new proposal which would prohibit merchandise, which has a small portion of labor put on in China, coming in as British goods.

It is necessary for us to have this embroidering done in China in order to compete with the foreign countries shipping goods in here direct.

Furthermore, the finishing, which we consider is laundering, ribboning, and boxing, gives a great deal of employment in Ireland, and we would not like to see this done away with.

Your interceding on our behalf and wiring Mr. Ryckman as I suggested, would be very much appreciated.

Yours very truly,
E. S. Edwards
per E.S.

ESE:ES
Enclosure.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

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124901 ed

JOHNSTON, ALLEN & COMPANY LIMITED

FACTORIES
LURGAN, IRELAND

E. S. EDWARDS
DIRECTOR

December 2
1932

TORONTO OFFICE
McKINNON BUILDING

The Honorable Arthur Meighen,
National Building,
Toronto.

Dear Mr. Meighen:-

I am writing this letter in case I should not have an opportunity of seeing you personally today.

Just returned this morning from Ottawa. I had a lengthy interview with Mr. Breadner on the subject which I discussed with you, relative to new proposals on the tariff.

From my interview, I am not sure whether he is going to rule against us on this matter, or not. I believe he may, although I feel confident he is making a decision that he might, later on, feel justified in changing.

I am wondering whether you would wire Mr. Ryckman, as per the enclosed copy, as I feel Mr. Breadner will put this matter before Mr. Ryckman before he makes a decision.

I saw Mr. Sims, Secretary to Mr. Ryckman, and he was of the same opinion as I am relative to this matter. I would have seen Mr. Ryckman yesterday had he not been too busy.

But I do feel that this wire to Mr. Ryckman would postpone any definite decision until we had more opportunity to bring pressure from the British Government.

I am getting in touch with our firm in Ireland who will take this matter up with the British Government, and their plea in this matter will come around to the Canadian Government that way. But, in the meantime, I would like to have Mr. Breadner's decision against us postponed.

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124901 ef

JOHNSTON, ALLEN & COMPANY LIMITED

FACTORIES
LURGAN, IRELAND

E. S. EDWARDS
DIRECTOR

December 2
1932

TORONTO OFFICE
McKINNON BUILDING

The Honorable Arthur Meighen. Page - 2 -

Kindly have your secretary make a note of the cost of this telegram to Mr. Ryckman and my secretary, Miss Smith, will drop in to the office and remit her for same.

Kindest regards, and thanking you for your efforts in my behalf,

Yours sincerely,

E. S. Edwards
per E. S.

ESE:ES

ESE:ES

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12490 I eg FORM T. D. 2D

CANADIAN PACIFIC RAILWAY COMPANY'S TELEGRAPH

DAY LETTER

CABLE CONNECTIONS TO ALL PARTS OF THE WORLD

TIME FILED

CHECK

(Printed in Canada)

J. McMILLAN, General Manager of Telegraphs, Montreal

Send the following message, subject to the terms on back hereof, which are hereby agreed to.

December 2, 1932

HONORABLE MR. RYCKMAN,
OTTAWA,
CANADA.

THIS TELEGRAM IS IN REFERENCE TO AN INTERVIEW EDWARDS HAD WITH BREADNER YESTERDAY STOP UNDERSTAND YOUR DEPARTMENT RULED THAT IRISH LINEN HANDKERCHIEFS WHICH ARE EMBROIDERED IN FOREIGN COUNTRIES SUCH AS CHINA AND RETURNED TO IRELAND FOR FINISHING EVEN THOUGH THEY COME UNDER THE CLAUSE WHICH PERMITS MERCHANDISE OF OVER FIFTY PERCENT MADE IN GREAT BRITAIN TO BE EXPORTED AS BRITISH GOODS ARE NOW BEING RULED BY YOUR DEPARTMENT NOT TO BE ENTITLED TO BRITISH PREFERENCE TARIFF UNDER ITEM FIVE FORTY B STOP YOUR DEPARTMENT CLAIMS THE FINISHING OF THESE GOODS WHICH CONSISTS OF LAUNDERING BOXING ETC IS NOT A MANUFACTURING PROCESS

Possibly you would word this telegram differently but this is to outline the matter in question.

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ADDRESS ALL COMMUNICATIONS TO THE COMPANY

12490.1 eh

PAGE-HERSEY TUBES, LIMITED

MANUFACTURERS OF
STEEL PIPE
GENUINE WROUGHT IRON PIPE

PAGE-HERSEY BUILDING
100 CHURCH STREET
TORONTO 2, CANADA

January 9th, 1932.

Rt. Honourable Arthur W. Meighen,
347 Bay St.,
Toronto, Ont.

Dear Mr. Meighen;-

Ihave your letter of the 5th January, enclosing copy of one from Mr. Breadner.

We have already taken this matter up with the Minister of Finance, for his consideration, and are now awaiting his views.

Thanking you for the attention which you have given this matter, I remain,

Yours very truly,

W W Hart

N'T

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Page - Hersey 124904 ei

347 Bay St., Toronto,
January 7, 1933.

Dear Mr. Near:

I have at last received letter from Mr. Breadner, and enclose you herewith copy.

I cannot too strongly emphasize the necessity of your acting under the second paragraph of this letter and without delay.

Yours very truly,

Mr. N. W. Near,
Page-Hersey Tubes Limited,
100 Church St.,
Toronto, Ont.

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124901 ej

COMMISSIONER OF CUSTOMS
CANADA

OTTAWA, 5th January, 1933.

The Rt.Hon. Arthur Meighen, K.C., P.C.,
347 Bay Street,
Toronto, Ontario.

Dear Mr. Meighen,-

I have your letter of the 3rd. instant referring to the one you addressed to me on the 27th ultimo with reference to the correspondence between this Department and the Page-Hersey Tubes Limited, Toronto, and I have carefully noted the contents of their letter of the 29th, a copy of which you enclosed.

I fully appreciate the situation, but I do not know of anything that can be done under present conditions. Regular Customs duty is payable on $4.86-2/3 to the pound sterling, but for special duty purposes the pound has been fixed by Order-in-Council at $4.40 and the difference between the rate of exchange fixed by the Department for each fortnightly period and $4.40 is levied as special duty.

The Company suggests that the situation might be remedied by an alteration in the Tariff, but this would, of course, be a matter for the consideration of the Minister of Finance and would require sanction of Parliament. Moreover, Article 14 of the Canada-United Kingdom Agreement provides as follows:-

> "His Majesty's Government in Canada undertake that no existing duty shall be increased on United Kingdom goods except after an inquiry and the receipt of a report from the Tariff Board, and in accordance with the facts as found by that body".

Under the circumstances, it seems to me

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Rt.Hon. A.M. - 2

that it would be advisable for Page-Hersey Tubes Limited, to place the whole matter before the Minister of Finance for his consideration and reference to the Tariff Board, when appointed, if he deems such a course desirable.

For your information, I enclose copy of a letter, dated 22nd December, 1932, which I wrote to Page-Hersey Tubes Limited, in reply to one they wrote me, and also a copy of their acknowledgment of the 24th of December.

Yours faithfully,

W.W. Badenach

Encls.

Commissioner of Customs.

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COPY

PAGE-HERSEY TUBES, LIMITED.

Manufacturers of Steel Pipe, Genuine
Wrought Iron Pipe.

Page-Hersey Building
100 Church Street

Toronto, 2, Canada.

December 24th, 1932.

Mr. R. W. Breadner,
Commissioner of Customs,
Department of National Revenue,
Ottawa, Canada.

Dear Sir;- Reference: 153406

We are in receipt of your letter of the 22nd inst., from which we note that the provisions of Section 43, would not be applied to goods entitled to entry, under the British Preferential Tariff, unless fixed valuation thereunder, has been set, prior to July of this year.

We were not aware of this, when our letter of the 19th inst., to Mr. Jackson, was written.

We are, however, now pleased to note, that you are having enquiry made, in connection with our opinion that Boiler Tubes are being imported, at less than actual cost of production, plus a reasonable advance for selling cost and profit. We believe the result of your investigations, will bear this out.

Thanking you for the attention given the matter, we remain,

Yours very truly,

PAGE-HERSEY TUBES, LIMITED

(sgd) W. W. Near

N'T Pres. & Man. Director.

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COPY

153406

22nd December, 1932.

Page-Hersey Tubes, Limited,
100 Church Street,
Toronto, 2, Ontario.

Gentlemen:-

I am in receipt of your letter, dated 19th instant, referring to the letter I addressed to Mr. P. Frederic Jackson on the 21st of November, relative to the application made for a fixed valuation on pipe and boiler tubes.

In your letter you state that the application was made on the 21st of October and had favourable action then been taken such action would not necessarily have been upset by the amendment of Section 43 of the Customs Act as enacted by Bill No. 6 passed at the last Session of Parliament.

In reply I may say that from the time the Conference met the provisions of Section 43 were not applied to goods entitled to entry under the British Preferential Tariff. Your suggestion therefore that action might have been taken upon receipt of your application in October, is really not based on good grounds, seeing that no application made in October, or, indeed, any time after July, could have been given favourable consideration.

I note that you are of the opinion that boiler tubes are being imported at less than the actual cost of production, plus a reasonable advance for selling cost and profit, and I have given instructions for an enquiry on this point to be made.

Yours truly,

(sgd) R. W. Breadner

Commissioner of Customs.

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ADDRESS ALL COMMUNICATIONS TO THE COMPANY

PAGE-HERSEY TUBES, LIMITED

MANUFACTURERS OF
STEEL PIPE
GENUINE WROUGHT IRON PIPE

PAGE-HERSEY BUILDING
100 CHURCH STREET
TORONTO 2, CANADA

December 29th, 1932.

Rt. Honourable Arthur Meighen,
c/o Canadian General Securities Ltd.,
National Building,
Toronto, Ont.

Sir;-

Some controversy has arisen, over the decision of the Government, to fix the price of Sterling, for dumping duty purposes, to the 31st of March next, at $4.40 to the Pound, on the ground that costs in Great Britain have increased, since Britain abandoned the Gold standard.

If the selling prices of Iron and Steel commodities, are any criterion, the reverse has been the effect. Schedule "A", attached, gives a comparison of selling prices as at September 1931, and December, 1932.

Our total business during 1932 shows a falling off as under:

45%- from the year 1931,
65%- from the year 1930,

Proposals have been made us, by the British makers, that we should turn over to them, 40% of the Canadian domestic Boiler Tube trade, 50% of the Well Casing, and 100% of Seamless Line Pipe, over 6". As our Seamless Mill has only operated 11% of capacity, during the present year, and is capable of taking care of the total Canadian requirements, of these products, even in a normal year, it becomes apparent that these Works would require to close down eleven months in the year, if the proposals of the British are acceded to. On the other hand, in the event of non-compliance, the threat is held out, that our Canadian prices will be cut at least 25%, which will be even more effective in closing down our Plant.

This situation has been due to two causes - internal competition in Great Britain, through the desire of the major interest to drive out the smaller, - and, in so far as Canada is concerned, through the depreciation of the Pound, in terms of dollars. Just how drastic these reductions have proven, is illustrated in Schedule "B" attached, ie:-

	September 1931.	December 1932,	Reduction,
Black Pipe			
Australia,	$ 141.62	$ 100.03	$ 41.59
New Zealand,	147.78	96.33	51.45

- continued -

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	Sept. 1931,	Dec. 1932,	Reduction,
Black Pipe,			
India,	$ 130.95	$ 91.20	$ 39.75
England,	156.49	94.60	61.89

Above illustrations are based on £100. list value.

These reductions have automatically cancelled our export trade, which accounted for 20% of our total business during 1931. This loss will be serious enough, but these low prices are being extended to the Canadian Home Trade as well.

Two remedies present themselves, viz: - reasonable Tariff protection, - and enforcing a valuation for importation purposes, that shall cover actual cost of production, plus a reasonable advance in selling cost and profit. That the latter does not prevail at the moment, is best illustrated by comparing the selling price of Tube Strips in the United Kingdom, with the delivered price of Boiler Tubes in Canada.

Tube Strips, or Skelp, per Stewarts and Lloyds' quotation of September 21st, 1932, Schedule "C" attached, at £8/5/0 F.o.b. Liverpool, would cost at $4.40 to the Pound - $36.30 per gross ton, or at $3.80 to the Pound - $31.35 per gross ton. To these prices must be added - Ocean freight at 17¢ per 100 lbs., - Railway carriage from the Seaboard at 30¢ per 100 lbs., - plus 3% excise tax, making total cost - F.o.b. Welland - of

$2.14 per 100 lbs., - if at $4.40 to the Pound,

or 1.92 per 100 lbs., - if at $3.80 to the Pound,

As against this, we have a recent quotation on Boiler Tubes, 3¼" and weighing 5.13 lbs. per foot, F.o.b. Galt, equivalent to $3.21 per 100 lbs., which price includes excise tax as well. Figuring back to the Liverpool price of Strips, we find:

Cost delivered Galt,	-	$ 3.21
Excise Tax 3%,	-	.09
		3.12
Ocean Freight - .17		
Inland Freight - .40	-	.57
Net to the maker,	-	2.55
Cost of strip,	-	1.62
Balance for waste and labor	-	.93
Waste in making, 18% of $1.62	-	.29
		.62
Cost of manufacture, selling overhead, profit etc., would then only be	- -	.62 per 100 lbs.

- continued -

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124901 ep

Our cost sheet, Schedule "D" attached, shows waste to be 47¢, and cost of manufacture to be $1.82 per 100 lbs. That our costs are not out of line with other makers, is best illustrated by our ability to compete in the markets of the World, as shown by 20% of out total production having been so disposed of.

It may be held, that the present is a passing phase, brought about by currency instability, and a war of attrition between the British producers, but this is a vitally important matter to this Company, as it may continue for some time.

WHAT WE SORELY NEED IS HELP meanwhile, in our endeavor to keep our men employed, and the Company in a solvent condition.

We refrained from putting in our claims for a Tariff, before the Government, until actually producing the goods in volume. This was contrary to the general practice, but is much fairer to the consumer.

Whilst there is a provision in the Imperial Conference Treaty, which specifies that the British Preference cannot be reduced, without a reference to the Tariff Board, we understand that with the consent of both parties, an exception can be made. At the moment, there is no British Preference pertaining to Boiler Tubes, these products being on the free list. By placing a similar Tariff on this item, to that which applies to the "General" Tariff on Pipe, an automatic preference of 50% would be created, as against the produce of other Countries, which certainly should be in line with the ideals of the Imperial Conference.

All of the above respectfully submitted.

Yours very truly,

N'T

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124901 eq

Ottawa

347 Bay St.,Toronto,
December 19, 1932.

Dear Mr. Near:

I received your letter of 15th; also your letter of 16th.

The correspondence which you enclosed does not seem to be complete. For example, in the Commissioner's letter of 21st November, he refers to Mr. Jackson's letter of 8th November, but no such letter is enclosed. Also in your letter to Mr. Jackson of 18th instant, you refer to Departmental letter of 9th December, but no such Departmental letter is enclosed. I could understand the matter better if I had these.

Was not able to get down last week, but will be down shortly.

Yours very truly,

Arthur Meighen.

Mr. W.W. Near,
Page-Hersey Tubes Limited,
Toronto, Ont.

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ADDRESS ALL COMMUNICATIONS TO THE COMPANY

124901 er

PAGE-HERSEY TUBES, LIMITED



MANUFACTURERS OF
STEEL PIPE
GENUINE WROUGHT IRON PIPE

PAGE-HERSEY BUILDING
100 CHURCH STREET
TORONTO 2, CANADA

December 15th 1932.

Rt. Honourable Arthur Meighen,
c/o Canadian General Securities Ltd.,
National Building,
Toronto, Ont.

Sir;-

- Re: Fixed Valuation Tubular Products -

Section 43, of the Customs Act.

Referring to conversation had with you today, relative to the difficulties which we are experiencing, in the manufacture of Boiler Tubes, and other forms of Pipe, at our Plant, Welland, Ont.

We, on the 21st of October, applied through Mr. P. Frederic Jackson, our Departmental Agent, at Ottawa, for a fixed valuation on Boiler Tubes, and Tubular products, as per copy of letter attached.

This matter was duly placed before the Department, and our application was declined by them, as per copy of letter from the Commissioner of Customs, under date of the 21st November, also attached.

We are writing further to Mr. Jackson, by today's mail, copy of which we enclose. These letters, we think, will place all the details before you, and anything you can to assist in the matter, will be greatly appreciated, as we have only been able to operate this Mill, at 15% of the ordinary running time, during the current year. This has caused a great dealof unemployment, so much so, that a large number of our men are now on relief.

Yours faithfully,

PAGE-HERSEY TUBES, LIMITED.

W W Frear

PRES. & MAN. DIRECTOR

N'T

3 encl's.

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124901 e5

- COPY -

October 21st, 1932.

Mr. P. Frederic Jackson,
56 Sparks St.,
Ottawa, Canada.

Dear Sir:- Re: Question of fixed value on Pipe - and Boiler Tubes.

We wrote you on the 16th September, outlining our ideas, in respect to the fixation of values, for customs purposes, on Bell and Spigot Tubes, and Merchant Tubes between 10" and 12-1/2" in diameter, inclusive.

We are not asking for a fixed valuation the regular types of Merchant Pipe, as we have an adequate tariff on such items. Our request, therefore, has reference only to such types of Tubular Products, as we feel are not amply protected by tariff.

We embarked in the manufacture of these larger sizes on Merchant Pipe, and Bell and Spigot Tubes, within the last two or three years, and have since added Boiler Tubes to our list of products. Boiler Tubes are now on the free list, and we are subjected to intense competition from British and Continental sources.

Owing to the lower labor cost, and depreciation in their currency, as compared with the Canadian Dollar, it is apparent that we are subjected to a great handicap, in that connection.

We feel that the United States domestic prices on Boiler Tubes, should be adopted as a standard for fixing valuation for imports of this material, into Canada, from any outside source. The discounts on this class of tubing, are as under:

Sizes 2"	- 2¼"	- 38%
2½"	- 2¾"	- 46%
3"		- 52%
3¼"	- 3½"	- 54%
4"		- 57%
4½"	- 5" - 6"	- 46%

Subject to 5% supplementary discount for carload lots.

On less than 10,000 lbs., base discount reduced six points. On 10,000# to carload, base discount reduced four points and one 5% allowed. No extra for lengths up to and including 24 feet. Sizes smaller than 1" and lighter than standard gauge, to be held at mechanical tubes list and discount. Intermediate sizes and gauges not listed, take price of next larger outside diameter and heavier gauge.

The basing discounts referred to,are subject to a further allowance

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to preferred customers, of 5 - 5 - 5 and 2½%. This would make selling prices, to said customers, as under:

2"	-	$11.40 per 100 ft.
2¼"	-	15.04 "
2½"		14.45 "
2¾"		15.80 "
3"		15.65 "
3¼"		17.70 "
3½"		19.23 "
4"		23.00 "
4½"		35.66 "

These figures, therefore, should be the lowest extreme valuations, applicable to this class of product - F.o.b. Sellers' Works.

As the rate of exchange fluctuates from time to time, this could be compiled from the memorandums which are periodically sent to the Inspectors of Customs, by the Department, for this purpose.

We append, hereto, one of our actual cost sheets, from which you will note that our costs are higher than the valuations which we are asking to be fixed. When, however, the rate of exchange is taken into consideration, it would leave us a very narrow margin of profit. This is not sufficient, however, to enable us to profitably operate our plant, but we find it necessary to periodically put these Works in operation, to take care of our other lines, and require to manufacture Boiler Tubes, in order to round out our operations.

Yours truly,

N'T

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124901 CU

BOILER TUBES COST

Size,		2"	3"	4"
Gauge		13	12	10
Weight,		2.22	3.87	6.36# ft.
Open Hearth Billets,		5.13	8.94	14.69
Push Bench -	Wages,	1.30	1.61	1.58
	Stores,	1.03	1.29	1.27
	Power and Coal,	1.30	1.61	1.58
	General Overhead,	1.55	1.93	1.90
Reducing Mill -	Wages,	.52	.65	.69
	Supplies,	.15	.19	.20
	Power & Coal,	.60	.75	.78
	General Overhead,	.22	.27	.29
Finishing Dept.				
	Wages,	.58	.73	.71
	Supplies,	.10	.12	.12
	General Overhead,	.29	.36	.36
		$12.77	18.45	24.17 per 100 ft.
		5.75	4.75	3.80 per 100 lbs.

Graduated from
3" and 4".

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124901 eV

- COPY -

DEPARTMENT OF NATIONAL REVENUE
CUSTOMS DIVISION.

OTTAWA, 21st November, 1932.

P. Frederic Jackson, Esq.,
Customs Specialist,
Ottawa Electric Building,
Ottawa, Ont.

Dear Sir:-

The Minister has handed to me your letter of the 8th instant with enclosures, in which it is suggested that values be fixed for pipe and boiler tubes to apply against countries other than those entitled to the British Preferential Tariff, and that the United States values would be the least figures at which the value should be fixed,

An examination of the imports of boiler tubes etc., under Tariff Item 399 from the 1st of April to the 31st of October, 1932, establishes that the principal importations were from the United Kingdom and the United States. As you intimate, the provisions of Section 43 are not now applicable to the United Kingdom and as only a small quantity came from Germany and a negligible quantity from Sweden, the total for these two countries being only a little over ten per cent of the total value of imports from the four countries, favorable consideration of the request for fixed values on tubes is not considered to be warranted.

Yours truly,

COMMISSIONER OF CUSTOMS.

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124901 ew

December 15th, 1932.

Mr. P. Frederic Jackson,
56 Sparks St.,
Ottawa, Canada.

Dear Mr. Jackson;-

- Re: Fixed Values - Section #43 of Customs Act -

We note from letter received by you, from the Department of National Revenue, under date of December 9th, that the amendment to Section 43, applies only to future valuation under Section 43 of the Customs Act, and does not affect any valuations applying to goods entered under the British Preferential Tariff, which were established prior to the date of the amendment.

As this matter has been before the Department, since the 21st of October, at which time we submitted our views, as to fixed valuations, it would appear that if the Department were sincere in their desire to help us out of an almost impossible situation, it would be a simple matter to promulgate these prices.

There are certain retroactive features incorporated in the proposed amendment to the Income War Tax Act, so this could be used as a precedent, if such action were taken.

Referring to the Commissioner's letter of the 21st of November, as to importations of Boiler Tubes. We are attaching hereto, memorandum showing importations of Boiler Tubes, during the years 1930 - 1931 and 1932. These figures were taken from the Blue Books. From this memorandum you will note, that the importations from Germany, were almost equal to those from the United Kingdom.

The whole arrangement, entered into by the Imperial Conference, has been upset by the material depreciation of the Gold value of the Pound Sterling. We require to make all our purchasse of raw materials on a gold basis, but in selling same, have to compete with prices made by competitors, who are, by reason of the exchange difference between gold and sterling, able to undersell us by about 30%. When one comes to consider that Boiler Tubes are practically on the free list, it is easy to appreciate the impossibility of making these goods in Canada.

We do not object to fair competition, and all we ask for is a square deal.

Yours truly,

N'T
Copy to Rt. Hon. A. Meighen,

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ADDRESS ALL COMMUNICATIONS TO THE COMPANY 124901 ex

PAGE-HERSEY TUBES, LIMITED



MANUFACTURERS OF
STEEL PIPE
GENUINE WROUGHT IRON PIPE

PAGE-HERSEY BUILDING
100 CHURCH STREET
TORONTO 2, CANADA

December 16th 1932.

Rt. Honourable Arthur Meighen,
c/o Canadian General Securities, Ltd.,
National Bldg.,
Toronto, Ont.

Sir;-

- Re: Fixed Valuation Tubular Products -

Section 43, of the Customs Act.

Referring to our letter of yesterday's date, under the above caption.

We are attaching hereto, memorandum covering total importations of Boiler Tubes, into Canada, which should have been enclosed with our letter.

Yours truly,

W. W. Near

T

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Schedule No. 4

TOTAL IMPORTATIONS OF BOILER TUBES

- FROM PORT NAMED -

- INTO CANADA. -

Pipes, Tubes and Flues of Wrought Iron or Steel, with plain, swelled or thickened ends, for use exclusively in the manufacture of repair of pressure parts of Boilers, Pulp Mill Digesters, and vessels for the refining of oil.

Imported From -		United Kingdom	United States	Germany	Total
1930	January	$ 3,178	$ 65,603.	$1,949.	$ 70,730.
	February	2,557	108,397	7,699.	118,653.
	March	3,970	135,954	644.	140,568
	April	2,163.	59,677.	5,146.	66,986.
	May	3,862.	67,008.	18,710.	89,580.
	June	22,144.	82,713.	8,415.	113,272.
	July	12,059.	59,120.	4,707.	75,886.
	August	13,018.	59,953.	4,406.	77,377.
	September	11,344.	61,513.	17,403.	90,260.
	October	8,762.	52,105.	1,290.	62,157.
	November	933.	53,802.	7,140.	41,875.
	December	10,353.	35,067.	2,020.	47,440.
Total 1930		$ 94,343.	820,912.	79,529.	994,784.
1931.					
	January	7,033.	36,263.	1,483.	44,779.
	February	13,059.	58,433.	12,270.	83,762.
	March	4,421.	60,644.	1,566.	66,631.
	April	6,703	63,117.	1,490.	71,310.
	May	8,922	60,363.	21,639.	90,924.
	June	7,646	36,111	3,451.	47,208.
	July	2,487,	26,970.	4,488.	33,945.
	August	2,353.	40,013.	2,041.	44,407.
	September	2,413.	28,361.	5,376.	36,150.
	October	4,487.	32,771.	15,647.	53,305.
	November	10,453.	28,033.	3,602.	42,088.
	December	3,249.	25,216.	27.	28,492.
Total 1931		$ 73,626.	496,295.	73,080.	643,001.

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Schedule No. 4

Imported from -		United Kingdom	United States	Germany	Total
1932	January	$ 3,299.	$18,338.	-	$21,637.
	February	4,763.	22,518.	4,858	32,139.
	March	23,570.	15,768.	4,051	43,389.
	April	8,592.	9,116.	1,834.	19,542.
	May	29,236.	10,500.	1,609.	41,345.
	June	4,770.	21,032.	2,918.	28,720.
	July	19,773.	10,442.	5,418.	35,633.
	August	16,926.	14,655.	0.	31,581.
	September	22,756.	14,079.	5,054.	41,889.
Total nine months ended Sept. 30,1932.	-	$133,685	$136,448.	$25,742.	$295,875.

SUMMARY

Year 1930	-	94,343.	820,912.	79,529.	994,784.
Year 1931	-	73,626.	496,295.	73,080.	643,001.
to Sept. 30th, 1932		133,685.	136,448.	25,742.	295,875.
		$ 301,654.	1,453,655.	178,351.	1,933,660.

United Kingdom	-	15.1%
United States	-	75.6%
Germany	-	9.3%
Yearly Average	-	$103,149

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COPY OF LETTER

REFERENCE NO. 14

FROM

E. D. SMITH & SONS, LIMITED

HEAD OFFICE, Winona, Ont.
August 15th, 1933.

Department of Finance,
Parliament Buildings, Ottawa.

Attention of the Minister

Gentlemen:

We took occasion recently to outline what we consider a discrepancy in the tariff on peach pits for planting purposes, and addressed our letter to the Department of Customs. We have received a reply stating that under the customs tariff as it stands there appears to be no provision whereby peach pits imported for planting purposes may be entered free of duty, and if such changes are to be made that they would come under the jurisdiction of your Department. We are, therefore, enclosing a copy of our recent letter which, we believe, clearly outlined the matter in question. We will appreciate receiving your comments.

Yours truly,

E. D. SMITH & SONS, LIMITED,
Per. (Sgd.) Leon Smith,
Secretary Treasurer.

COPY OF LETTER
FROM

E. D. SMITH & SONS, LIMITED,

HEAD OFFICE, Winona, Ont.
August 4th, 1933.

Department of National Revenue,
O T T A W A.

Re Tariff on Peach Pits for Budding Purposes

Gentlemen:

We have just had occasion to review the rate of duty on: Peach Pits used by Nurserymen in Canada for budding, and which we assume come under the Tariff Classification #73, and Peach Trees for Grafting, which item comes under Tariff Classification #79. In the former, the general tariff we note is 15%, while, in the latter one, that is item #79, covering Peach Trees for grafting, there is no duty.

There are no Peach Trees imported or even sold in this Country, for grafting purposes, as all Nurserymen propagate Peach stock by budding on Peach seedlings produced from pits planted the year previous. Peach pits, therefore, in our estimation, should come under the same classification as Pear, Plum, Apple or Cherry stocks that are imported for the express purpose of grafting or budding named varieties onto. Whoever was responsible for drafting these tariff items evidently did not realize that the only method of propagating hybrid varieties of Peaches is by budding onto Peach seedlings grown from pits. The explanation of the difference between the propagation of Peach trees and other fruit trees, is the fact that Peach seedlings produced from pits in one year are sufficiently large for budding. Peach seedlings grown from pits for one year and then transplanted and grown on for budding would be too large. In the case of Pear, Plum, Cherry and Apple, however, these are slower growing types of seedlings and they may be grown in the seedling bed for one or even two years, and then be lined out in the nursery row and not be too large for budding or grafting.

...2

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REFERENCE NO. 14

Let us suppose, however, that Peach trees were imported for grafting purposes -- these would come in free of duty therefore, under Tariff Classification #79. Peach pits, however, in the growing of which all Canadian labor would be employed, if they were brought in in the pit form, are handicapped with a tariff of 15%. Summing up our remarks therefore, we feel that if Peach tree seedlings and other fruit tree seedlings are permitted entry free of duty, that Peach pits, which are brought in for expressly the same purpose, should come under the same classification. We feel sure that this must have been brought to your attention by other Nurserymen. We, ourselves, cannot understand this inconsistency, and would appreciate receiving your comments.

Yours truly,

E. D. SMITH & SONS, LIMITED

Per (Leon Smith)

Secretary-Treasurer.

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REFERENCE NO. 15

THE CANADIAN HORTICULTURAL COUNCIL

OTTAWA
Canada

October 3rd, 1933.

The Honourable E. N. Rhodes,
Minister of Finance,
OTTAWA.

Honourable Sir,

Re: Tariff Fruit & Vegetables

Following representations made by the growers, shippers and distributors of fruits and vegetables, through this Council, a seasonal tariff upon these commodities was made effective through the amended Dunning Budget. During each of the numerous appearances before the Advisory Board on Tariff and Taxation, it was distinctly pointed out that the rates of tariff then recommended were but in the nature of an experiment and on the assumption that values for duty would be fixed.

The history of the fixing of values for duty has been one of frequent changes and extreme uncertainty. Under the previous Government values for duty were fixed during each of two seasons but finally the Orders-in-Council, under which they were authorized, were cancelled at a most unfortunate time. During the regime of the present Government values have been continuously fixed with the result that the fruit and vegetable producers have been effectively protected.

As a result of the protection afforded, large areas, particularly in British Columbia and in the Niagara District of Ontario, have been planted and these orchards will come into bearing within the next several years. The fact that the policy of fixing values for duty is so uncertain, leads the fruit and vegetable grower to an extreme fear of its cancellation with most serious results at a time when the new plantings and the improved orchards are into production.

For this reason, this Council, representing as it does all sections of the horticultural industry in Canada, respectfully requests that you favourably consider amending the fruit and vegetable tariff at the next Session of Parliament.

Yours respectfully,

(SGD.) L. F. BURROWS,

Secretary-Treasurer.

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THE TARIFF BOARD
CANADA

A-6.

Public sittings of The Tariff Board will be held at the Board's offices, National Research Building, Ottawa, on Monday and Tuesday, October 30 and October 31, 1933,, when hearings under Part II of The Tariff Board Act will be proceeded with in respect of appeals from rulings of the Department of National Revenue.

The sittings will commence daily at 10.30 o'clock A.M., and will be open to the public.

The Chairman of the Board, the Honourable George H. Sedgewick, K.C., will preside.

The following appeals have been listed for hearing:-

Monday, October 30, 1933.

No. 15 - By Campbell's Soup Company, Limited, New Toronto, respecting the value for duty purposes of "Pickled Okra and Pickled Peppers."

No. 16 - By L. A. Wilmot, Customs Consultant, Montreal, respecting the tariff classification of "Bifurcated Rivets".

No.18 - By Bret. Pliske, Toronto, respecting the amount of duty payable upon an aircraft model known as "Aeronca C-3".

No. 19 - By Thomas Bonar & Company (Canada) Limited, Montreal, respecting the value for duty purposes of "Jute Twines".

Tuesday, October 31, 1933.

No. 17 - By The Shoe Manufacturers' Association of Canada, Montreal, respecting the liability to sales tax of a commodity known as "Cyclone Bleach".

No. 20 - By Bain, Wilson & Maynard, Customs Consultants, Ottawa, on behalf of Mundet Cork and Insulation, Limited, Toronto, respecting the amount of duty payable on "Tin Plate" imported into Canada.

EDGAR BOURNIVAL
Registrar of Appeals.

Ottawa,
October 17, 1933.

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N. J. DOTZENROTH

GENERAL MANAGER
THE WOODSTOCK RUBBER CO., LIMITED
WOODSTOCK, ONTARIO

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RE IMPORTATIONS OF RUBBER AND TENNIS FOOTWEAR

Previous to July, 1932 the Canadian Rubber Footwear Industry had tariff protection against all foreign producers, including Britain, on rubber footwear of 15%, 22½% and 25%, British Preferential, Intermediate and General respectively and 25%, 35%, 40% respectively on Tennis Footwear. Up to this time the industry developed and maintained sales in export markets of very substantial proportions and were able to meet all competition at fair prices and with an improved product.

During this period the importations of Rubber and Tennis footwear from Empire countries were practically negligible, although huge quantities were shipped into the English market by the Canadian producers. During the period 1928-32 foreign producers entered world export markets and secured a virtual monopoly on the lower grades of footwear, including certain lines used by the British market. The original principal suppliers being Japan, Czecho-Slovakia and some Singapore.

In May, 1932 in anticipation of the Empire Economic Conference, the Rubber Footwear Industry submitted a brief dated May, 1932 for the guidance of the Canadian delegates, in which it was urged that the duties in effect were to be continued and ample reasons were set forth to substantiate this request. The suggestion was further made that the Intermediate and General tariffs on Rubber Footwear be advanced in order to offer the English producer a better opportunity to secure a portion of the Canadian market. A further Special Supplementary brief dated July 27, 1932 was forwarded to the Canadian representatives at the Economic Conference, in which the necessity for the continuance of the existing Preferential arrangements with Great Britain was indicated, as any change would react to the detriment of the Canadian and English producers and to the advantage of the foreign manufacturer. It was clearly pointed out that England and Canada should impose heavy duties against foreign production but retain the Preferential arrangement in force.

This would permit the continuance of exports by the Canadian producer and owing to the size of the English market, would give the English producer ample opportunity to extend his operations in the home market. Owing to the difference in cost of production, the Canadian Industry maintained that existing arrangements were equitable, with Canadian productions having free entry into England and English productions having 15% and 25% duties on rubber and

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tennis footwear respectively for Canadian entry. The Canadian representatives at the Conference, however, disregarded the pleas of the industry, with the result that the duty on rubber footwear from Empire countries was removed. At that time the production of rubber footwear in Singapore was not considered a serious factor but immediately after this Conference, production was rapidly increased by Singapore and importations started on a large scale.

During late 1932 The Canadian Rubber Footwear Industry again made representations to the Canadian Government to have adequate values for duty purposes established and applied against all foreign importations from countries other than Empire countries. Detailed costs of the industry were submitted and subsequently audited by the Department. Recommendations as to classifications and values were agreed upon but up to date the Government have not as yet instituted these regulations and duties. Temporary benefits were secured by the dumpage duty on currency, which effectively excluded Japanese importations but Czecho-Slovakian products can still be purchased and imported at attractive prices.

Since the products of Singapore qualify as Empire products under the Trade Treaties made at Ottawa, we had been advised that effective duties could only be imposed after this tariff item had been deleted from the Trade Treaties. Under date of Feb. 28, 1933, the request of the industry was forwarded to the Commissioner of Tariffs to have this item deleted, in which request it was mentioned that the British manufacturers are making a similar request to the Government of Great Britain. We had been advised by the Canadian Government to have the English manufacturers approach their Government, requesting deletion of this item, so as to facilitate the removal of this particular item. This procedure was recommended as being in accordance with article No. 23 of the Imperial Economic Conference Agreement, which is as follows:

> "In the event of circumstances arising which, in the judgment of His Majesty's Government in the United Kingdom or of His Majesty's Government in Canada, as the case may be, necessitate a variation in the terms of the agreement, the proposal to vary those terms shall form the subject of consultation between the two Governments."

Acknowledgement of our request was received from the Canadian Government and also from the Association of English manufacturers that the English Government had been

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requested to take action on this matter. Up to this date no action has been taken by the Canadian Government against Empire or foreign productions.

When approaching the English manufacturers for their support, it was suggested that reciprocal duties on rubber footwear be put into effect by both English and Canadian Governments but in view of the extent of the English market and the lack of production facilities existing in England, we are not at the present time concerned over the imposition of any duties against rubber footwear produced in England. The home producers in England are only enjoying approximately 30% of their own market, so that it will be several years before they will be in a position to export to foreign countries in any substantial volume. We are, however, most anxious to secure all possible support for the imposition of duties against Colonial Empire productions entering England and Canada, as it is essential that the Canadian producer be afforded the opportunity to export to the English market without being subjected to the competition of low priced labour and materials.

That the Canadian Rubber Footwear Industry is being placed in serious jeopardy by the increasing importations of rubber and tennis footwear from Singapore and will face further importations from the recently organized factories at Hong King, and that importations from all sources are actually reaching alarming proportions, is clearly indicated in the importations statistics provided by the Government, which are as follows:

45,000 pair in 1931
211,000 " " 1932
521,000 " up to Sept. 30, 1933.

At this rate of increase yearly importations would be approximately equivalent to the entire output of one Canadian producer and will represent in dollars at a minimum, 10% of the total Canadian domestic business.

The major portion of these are coming from Singapore and are being sold at extremely low prices, principally to the large retail and Mail Order accounts, who establish the level of prices throughout the country. Unless adequate protective measures are adopted immediately, the Canadian industry cannot hope to survive, as the differences in cost of production and distribution are insurmountable. There has been an enormous shrinkage in the volume of the local market, with a consequent rise in cost of domestic operations. The Canadian Industry has established channels of distribution and performs a definite function in the merchandising field for the benefit of the retail trade.

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The industry as a whole employs approximately 6,000 persons and provides employment for an additional approximate 6,000 persons in allied industries. The Canadian producer is obliged to purchase materials entering into his products which are highly protected and which are processed by Canadian labour and include Canadian taxation charges. We understand that productions of Singapore incorporate raw materials which have been processed by cheap foreign labour and against which no import duties are in effect. The industry feels that it is being subjected to very serious discrimination in being asked to carry these burdens and be denied any measure of protection on its completed product.

In April 1933 in an article in the Times Trade Supplement of London, England, it was indicated that the importations from Singapore would undoubtedly cause serious embarrassment to Canadian and English producers and that it would undoubtedly be the subject for discussions between the various governments. In answer to this Mr. Tan Kah Kee, the principal producer of Singapore, filed a brief with the Colonial Secretary of the Straits Settlements, dated May 16, 1933, the salient features of which are as follows:

That no Japanese capital is employed in his business.
That no Japanese materials were being used.
That he is a British subject.
That he is indebted to English bankers to the extent of $7,500,000.00 Straits Dollars.
That he has been unable to even earn 3% interest on this indebtedness.
That his products are of an inferior quality.
That he aims to enlarge his volume of business in order to allow him to retire his indebtedness.

We wish to reiterate our previous statements that unless immediate action is forthcoming, the Canadian Industry will be seriously embarrassed within the next few months and materially add to the unemployment situation exisiting in Canada. The Department of National Revenue should be urged to immediately put into effect the values for duty purposes on rubber and tennis footwear against all importations, including those of Singapore and later Hong Kong.

October 19, 1933.

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REFERENCE NO. 14

THE
CANADIAN HORTICULTURAL COUNCIL
OTTAWA, CANADA

October 23rd, 1933.

Honourable E. N. Rhodes,
Minister of Finance,
OTTAWA.

Honourable Sir,- Re: TARIFF,- NURSERY STOCK.

On June 28th, 1926, this Council wrote to the Honourable, the Minister of Finance asking that he direct the Advisory Board on Tariff and Taxation to take under consideration a recommendation that the tariff on nursery stock be amended. Several public hearings were held upon this application but, to the best of my knowledge, the investigation was not completed when the operations of the then existing Board were suspended.

In the application filed at that time it was pointed out that the major tariff items covering nursery stock had not been amended since November 30th, 1906 and that during the intervening years, but particularly during the latter years the nursery business had been carried on under very serious handicaps as against its chief source of competition, i.e., for fruit trees, - United States; and for ornamental trees, shrubs, rose bushes, etc., - Holland.

Realizing the difficult position of the Canadian nursery industry the Minister of National Revenue acting under authority of Section 43 of the Customs Act and Order in Council No. 2678, dated the 19th day of November, 1930, fixed the value for duty of certain nursery stock and published Appraisers Bulletin No. 3672. As a result the production in Canada of nursery stock affected has been substantially increased and the selling price to the consumer has been decreased by at least 50%.

Having demonstrated the advantages which accrue to both producer and consumer as a result of the protection against unfair competition through the temporary means of fixed values, it is now respectfully urged that consideration be given by the Tariff Board to this request that Tariff Items 79, 80, 81 and 82, be amended.

Yours very respectfully,

(Sgd.) L. F. Burrows,

Secretary Treasurer.

Encl.

LFB/H.

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THE TARIFF BOARD
CANADA

The Tariff Board sitting on Appeals, on the 30th and 31st October, 1933, under the provisions of Part 11 of The Tariff Board Act, ruled as hereunder:-

Appeal No. 16.

In the matter of Appeal No.16 by L. A. Wilmot, Customs Consultant, Montreal, respecting the tariff classification of "Bifurcated Rivets": Appeal Dismissed.

Appeal No. 17.

In the matter of Appeal No.17 by The Shoe Manufacturers' Association of Canada, Montreal, respecting the liability to sales tax of a commodity known as "Cyclone Bleach": Appeal dismissed.

Appeal No. 18.

In the matter of Appeal No.18 by Bret. Pliske, Toronto, respecting the amount of duty payable upon an aircraft model known as "Aeronca C-3": Appeal dismissed.

Appeal No. 19.

In the matter of Appeal No.19 by Thomas Bonar & Company (Canada) Limited, Montreal, respecting the value for duty purposes of Jute Twines, that the Appeal must be allowed, on the ground that Appraiser's Bulletin Number 3783 of 3rd December, 1931, ceased to be in effect upon 23-24 George V, Chapter 7 coming into effect, and, that Appraiser's Bulletin (Supplement A to 3783), dated May 20th, 1933, was without jurisdiction and never had any force or effect.

EDGAR BOURNIVAL,

Registrar of Appeals.

Ottawa, 31st October, 1933.

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THE TARIFF BOARD
CANADA

Public Sittings of The Tariff Board, as hereunder, have been called by the Chairman, Honourable George H. Sedgewick, K.C.:

Thursday, November 30th, 1933

REFERENCE NO.15. An application by the Canadian Horticultural Council for a revision of the rates of Customs Duties on Fruits and Vegetables, as enumerated in Tariff Items 84, 85, 87, 92, 93, 94, 95, 95a, 96.

Friday, December 1st, 1933

REFERENCE NO.14. An application by the Canadian Horticultural Council for a revision of the rates of Customs Duties on Nursery Stock, as enumerated in Tariff Items 79, 80, 81 and 82; and for Free entry of Peach Pits for propagation purposes.

The Sittings, which will be open to the public, will begin at 10.30 o'clock A.M. at the Board's offices in the National Research Building, Ottawa.

H. B. McKINNON,
Acting Secretary.

Ottawa, November 6, 1933.

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124901 fn

Reference No.20

April 18th/33

Canadian Tariff Board,
Ottawa, Ont.

Gentlemen,

Under seperate cover, we are forwarding you a sample of what is known in the automotive trade in the U.S.A. as Red Telegage Liquid.

This liquid is used in gas gauges on the dash of motor cars to indicate the amount of gas in the tank. We are advised it consists of a simple solution of Sodium Chloride and Water with the Red Dye. It is we are advised absolutely non-alcholic and is not of a like or kind made or procurable in Canada.

The manufacturers are the King-Seeley Corp., of Ann Arbor, Mich., and we understand the formulae is patented by them.

On importing small quantities of this fluid, for which there is a considerable call in Canada, we were charged a duty rate of 40% which we believe is a very arbitrary and unfair rate owing to the fact that same is not manufactured nor procurable in Canada in any way.

We import this liquid in bulk and pack it in Made in Canada bottles, Wrap it in Canadian printed matter, which is inserted in a Canadian made carton with Canadian labour. The price is abnormally high owing to the exorbitant tariff rate and the fact that we have to pay same on the premium on the American funds.

We hereby respectfully solicit a revision of the tariff rate on this item and would be pleased to receive your decision at your earliest convenience.

Yours very truly,

CMC/WF

MCALLISTER AGENCIES LIMITED.

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REFERENCE NO. 22

COPY OF A LETTER
FROM

WILLIAM SMITH & SONS

FINE CHINA, SEMI-PORCELAIN &c.

McCall Building,
94 Wellington St. West,
TORONTO, 2, Canada.

Canadian Representatives for
J. AYNSLEY & SONS, Longton, England,
S. BRIDGWOOD & SON, Longton, England,
J. MADDOCK & SONS, Ltd., Burslem, England,
G. L. ASHWORTH & BROS. Hanley, England,
J. BOURNE & SON, Ltd., DENBY, England,
THOMAS DEAN & SONS, Tunstall, England,
SHAW & COPESTAKE, Longton, England.

22nd May
1 9 3 3.

The Minister of Finance,
Customs and Excise Department,
OTTAWA, Ontario.

Dear Sir:

Re: Stoneware Tableware imported from Great Britain.

We are writing with the view of ascertaining if it is now possible to consider a reduction, or abolition entirely, of the existing duty of 25% less 10% on importations of Stoneware, in the form of Tableware articles from England.

Such lines as the above mentioned are, we understand, made only by J. Bourne & Son, Limited, Denby Pottery, near Derby, England; and Lovatt & Lovatt, Limited, Langley Mill, Derby,England; and it is a specialized product of glazed fireproof cooking pottery.

We feel that this product is "of a class and kind not manufactured in Canada," and under the present conditions find that foreign made lines are being imported where British goods could, and would be used, if duties were more in line.

Your careful consideration of this matter will oblige, and should samples be required, shall be pleased to submit same for examination on receipt of your advice.

Yours faithfully,

WILLIAM SMITH & SONS

Per: F. E. Smith.

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REFERENCE NO. 28

THE H. W. COOEY MACHINE & ARMS CO.
Cobourg - Ontario
CANADA

June 8, 1933.

H. B. McKinnon,
Commissioner of Tariff,
Department of Finance,
OTTAWA, Ontario.

Dear Sir: Re: Tariff Item covering Firearms.

As we are the only manufacturers of Rifles and Shot Guns in Canada, we respectfully request your most sincere consideration of more adequate tariff protection on Rifles and Shot Guns.

Factory production labour is the greatest element of cost in the manufacture of Rifles and Shot Guns, as the following statement of last year, (1932) will show.

STATEMENT OF THE YEAR 1932.

Merchandise sold during the year,		$63,842.85
Inventory at Commencement of period	$2,960.75	
Material purchased during year	22,935.10	
	$25,895.85	
Less inventory at end of year	4,130.52	21,765.33
Gross Profit		$42,077.52
Less Expenses:		
Wages paid to employees	$35,291.75	
Taxes on property used in business	742.06	
Sales Tax and Workmen's Compensation tax	2,419.83	
Fire Insurance Premiums	245.00	
Commission for Selling	1,938.45	
Postage	272.35	
Travelling Expenses	525.00	$41,434.44
Net Profit		$ 643.08

Capital Invested. $48,220.68

The year's business, as per above statement, was carried on in the most economical manner possible. No salaries were paid to any executive -- only direct wages to employees are represented above. There was no allowance made for depreciation, bad debts, or interest on capital invested.

We are quite satisfied, under these trying times, as we gave employment to Forty-three (43) men, who, with their families, represent approximately One Hundred and Five (105) of the population of the Town of Cobourg, who are dependent on this business for their living.

All materials were purchased in Canada, with the exception of rough walnut planks, which are not procurable in Canada, and which we are compelled to import. These are fashioned into the stock of the Rifle and Shot Gun, by us, in our factory.

The most unfair competition which we have to contend with is large foreign munition factories. These concerns, when not supplying war equipment for other countries, or for rebellions in various parts of the world, devote their entire organization to manufacturing cheap rifles, pistols and shot guns, on a large production basis.

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These they will sell at any price obtainable in order to make a sufficient turnover to enable them to keep their large staff of skilled workmen to-gether. Since there is no market for Rifles, Pistols or Shot Guns in their own country, they export them to other countries, and, as there is no home market, they therefore have not set value for "Value for Home Consumption" and thus they are able to declare the selling price of the said Rifles, pistols or Shot Guns, as the "Fair Market Value if sold for Home Consumption" regardless of whether this price represents the true value or not.

The United States have amply protected their small arms manufacturers from this source of competition, as the following extract will indicate:

UNITED STATES TARIFF ON RIFLES AND SHOT GUNS

Ex. 365. Rifles and Shot Guns and Combination shot guns and rifles

Valued at not more than $5.00 ea. . . . . $1.50 ea. and 45%

Valued at more than $5.ea. and not more than $10.ea. $4.ea.&45%
" " " " $10.ea. " " " " $25.ea. $6.ea.&45%
" " " " $25.ea. " " " " $50.ea. $10.ea.&45%
" " " " $50.ea..... 65%
All rifles and shot guns imported without a lock or locks or other fittings are subject to a duty of .. $10. each and 55%

With more adequate protection against this type of competition, we would be able to increase our production and enlarge our staff of Canadian workmen, and at the same time, this increased production would enable us to show a fair margin of profit on our investment in the business. Also, this would make it possible for us to compete in the Export market in the British Empire. We are at present opening up a market in New Zealand, which has resulted in the exporting of One Hundred and Seventy-five (175) rifles for the first shipment this year.

In requesting more adequate tariff protection, we are not anticipating increasing our prices in order to obtain more profit, but rather, we anticipate that this protection will enable us to increase our production, and thus show a better margin of profit on our total investment in the business.

With the above facts in mind, we would most respectfully suggest that the tariff item covering firearms be set as follows:

"Finished rifles and shot guns of any calibre or gauge,- be increased from 30% to 35%
Duty on unfinished parts on which 60% or more Canadian labour goes into the finished firearm,- be reduced from 35% to 20%

Value for duty on any rifle or shot gun,- to be not less than $5."

We most humbly ask you to give the above tariff suggestions your most careful consideration, as it is of vital importance for the continuation of this industry, and the further employment of skilled Canadian labour.

We are,

Faithfully yours,

THE H.W. COOEY MACHINE & ARMS CO.
(sgd.) H. W. Cooey,
General Manager.

HWC/T.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 196)

PUBLIC ARCHIVES
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CANADA

124901 fr
REFERENCE NO. 31

HOUGH & HOUGH
Barristers, Solicitors, Notaries, &c.

Amherstburg, Ont., July 12/33.

The Honourable Sir George Perley,
Acting Minister of Finance,
Ottawa, Ontario.

Sir:-

We are acting for Brunner, Mond Canada, Limited, whose plant for the manufacture of soda ash situated in the township of Anderdon in the County of Essex, is the only industry of its kind in Canada. In the process of their manufacture this Company requires to use 3000 to 4000 tons of coke a year, which prior to the amendment in the Canada Customs and Excise Tariff of June 21st, 1931, was imported free.

The location of the Company's plant on the Canadian side of the Detroit River almost opposite the plant of the Solvey Process Company in South Detroit where coke is manufactured, makes that their natural source of supply, owing to the low cost of transportation.

The amendment to the Act passed June 21st, 1931, is as follows:-

Item 587 - Coke per ton - British Preferential Tariff, free; Most Favoured Nations, $1.00; Intermediate Tariff, $1.00; General Tariff, $1.00. (Imports from the United States come under the General Tariff Schedules.)

Item 587b - Coke of a kind not produced in Canada or coke which owing to transportation costs is not available commercially throughout Canada, when imported for manufacturers for use exclusively in furnaces in manufacturing calcium carbide, or in metallurgical operations, in their own plants, allowed free entry into Canada under all schedules.

The provisions in 587b include practically all industries in Canada using coke in the process of their manufacture, except manufacturers of soda ash and it would appear that an unfair discrimination has been made, probably through lack of information as to its operation, in not providing relief for this industry such as has been provided for others.

We are enclosing herewith a statement of the Company's case on the question and request that it be submitted to the Tariff Board for consideration.

Yours truly,
HOUGH & HOUGH,
Per: F. A. Hough.

BRIEF OF BRUNNER, MOND CANADA, LIMITED

An application for revision of the Customs Tariff (Item 587b) so as to include free entry for coke imported for the manufacture of soda ash.

USE OF COKE. Furnace coke is used by BRUNNER, MOND CANADA, LIMITED, in lime kilns to decompose limestone into quick lime and carbonic acid gas. The products of decomposition and also the carbonic acid gas obtained from combustion of coke enter into the process of manufacture of "soda ash".

BRUNNER, MOND CANADA, LIMITED is the only manufacturer of "soda ash" in Canada and its plant is located near Amherstburg, Ontario.

SODA ASH is a commercial form of sodium carbonate used extensively in the manufacture of glass, textile industries, purification of water for use in boilers, manufacture of cleansing compounds and in plants engaged in metallurgical operations.

In addition to the above soda ash has many other uses of minor importance.

ANNUAL REQUIREMENTS. During the five year period 1928-1932 BRUNNER, MOND CANADA, LIMITED has used coke for decomposition of limestone necessary in the manufacture of "Soda Ash" in the following quantities:-

1928	4,941	net tons
1929	6,947	" "
1930	4,659	" "
1931	3,690	" "
1932	3,479	" "

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DUTY PAID BY APPLICANTS. Prior to August 3, 1931, coke was imported duty free under all Tariff schedules.

BRUNNER, MOND CANADA, LIMITED imported 3,858 net tons from the United States in 1932.

Duty, payable at the rate of $1.00 per net ton, amounted to $3,858,00 in that year.

COKE IMPORTED DUTY FREE BY OTHERS. Certain Canadian industries are now using coke imported free under item 587b in the process of the manufacture of the following commodities:-

Calcium Carbide,	Gold,
Iron,	Silver,
Steel,	Copper,
Nickel,	Lead.

These include practically every user of coke for industrial purposes except the applicant, BRUNNER, MOND CANADA,LIMITED.

Statistics from official reports of Trade of Canada issued by the Minister of Trade and Commerce show free entry of coke into Canada from the United States under Item 587b as follows:-

1931 (from Aug. 3)	-	26,983 net tons
1932	-	25,076 " "
1933 (not yet available)	-	

Canada Customs and Excise Tariff relating to coke is as follows:-

R.S.C., Chapter 44, Schedule "A" as amended by 21-22 George 5TH (1930) Chapter 30.

Item 587 - Coke per ton - British Preferential Tariff, free; Most Favoured Nations, $1.00; Intermediate Tariff, $1.00; General Tariff, $1.00. (Imports from the United States come under the General Tariff Schedules.)

Item 587b - Coke of a kind not produced in Canada or coke which owing to transportation costs, is not available commercially throughout Canada, when imported for manufacturers for use exclusively in furnaces in manufacturing calcium carbide, or in metallurgical operations, in their own plants, allowed free entry into Canada under all schedules.

Item 587b - Amended in accordance with this application would read as follows:-

Coke of a kind not produced in Canada or coke which, owing to transportation costs, is not available commercially throughout Canada, when imported for manufacturers for use exclusively in furnaces in manufacturing calcium carbide, Soda Ash, or in metallurgical operations, in their own plants, allowed free entry into Canada under all schedules.

Amherstburg, July 12th, 1933.

HOUGH & HOUGH

Solicitors for BRUNNER, MOND CANADA, LIMITED.

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124901ft

REFERENCE NO. 25

CANADIAN BRONZE POWDER WORKS LIMITED

1102 University Street,
Montreal, July 19th, 1933.

Hon. E. N. Rhodes,
Minister of Finance,
Ottawa, Ontario.

Dear Sir:-

As President of CANADIAN BRONZE POWDER WORKS LIMITED, I made an application for the revision of Tariff during the last Session but, unfortunately, it was too late to have consideration at that time.

My Company for some years has been endeavouring to have a specific rate of duty of 14¢ per lb. on Bronze Powders entering Canada. We are the only manufacturers of this material in the British Empire and two-thirds of our product is exported, principally to Great Britain and China, but we have found that foreign manufacturers of bronze Powders have been dumping their product into Canada and we have taken this matter up with the Value for Duty Branch of the Department of National Revenue. In the establishment of values for duty purposes for these goods one has to consider a most important point, and that is, an exporter if he so chooses can ship the best powder he makes into Canada and show on the invoice the value of the lowest grade of powder he manufactures, selling his best grade of Bronze Powder at any price, and thereby defeating the payment of the proper duty. Not only is the proper duty not being secured in such a case, but the exporter is then able to dump his goods into Canada, and I doubt whether there is a Customs Appraiser who is qualified to detect a good grade of Bronze Powder from any other grade if he were confronted with this problem, as it takes years of experience in the manufacture of this class of goods to be able to judge or test the quality of same.

During the year, in and out of our works at Valleyfield, P.Q., we move approximately 3,000,000 lbs. of freight which gives considerable employment to the transportation companies. We purchase 95% of all our raw materials of Canadian origin, that is in the shape of copper, spelter, lumber and steel containers for packing and paper, which, together with wages, power and all other items which go to make up the expenses of a manufacturing concern is left in Canada. Our principal raw material, Copper, is protected by a duty of 1½¢ per lb., Spelter 1¢ per lb., and Scrap Brass 10%, which is added to the cost of material when used in our Canadian trade. We also pay much higher wages than our German competitors.

Our total production of Bronze Powders in 1932 amounted to 816,560 lbs., of which we exported 594,596 lbs., or roughly two-thirds of our output. In order to do this export business, which helps in a small way Canadian balance of trade, we have to have an adequate protection in our Canadian market to keep out the low priced inferior and dumped Bronze Powders from Germany. Unless we have this protection in our Canadian market, we would very soon be forced out of business, which is the particular aim at the present time of the German factories who fear our competition in England and the Orient.

We, therefore, beg to attach a proposed resolution amending the Customs Tariff on Bronze Powders and hope that this resolution will meet with the approval of your Board.

Respectfully submitted,

CANADIAN BRONZE POWDER WORKS LIMITED
R. E. Thorne, President.

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124901 fu

REFERENCE NO. 25

CANADIAN BRONZE POWDER WORKS LIMITED

1102 University Street,
Montreal, July 3rd, 1933.

RESOLUTION AMENDING CUSTOMS TARIFF

1. Resolved, That Schedule A to the Customs Tariff, being chapter forty-four of the Revised Statutes of Canada, 1927, as amended by chapter seventeen of the Acts of 1928, chapter thirty-nine of the Acts of 1929, chapter thirteen of the Acts of 1930 (first Session), chapter three of the Acts of 1930 (second Session), chapter thirty of the Acts of 1931, chapter forty-one of the Acts of 1932, and chapter of the Acts of 1932, (second Session), be further amended by striking thereout tariff item 361, the several enumerations of goods, respectively, and the several rates of duties of customs set opposite said item, and by inserting the following items, enumerations and rates of duty in said Schedule A:-

Tariff Item		British Pref. Tariff	Inter-mediate Tariff	General Tariff.
361	Gold and Silver Leaf; Dutch or Schlag Metal Leaf.....	15 p.c.	30 p.c.	30 p.c.
361a	Brocade and Bronze & Aluminum Powders.....	15 p.c.	14¢ per lb.	14¢ per lb.

2. Resolved, That any enactment founded upon the foregoing resolutions shall be deemed to have come into force on the day of , One Thousand Nine Hundred and Thirty-Three, and to have applied to all goods mentioned in the foregoing resolutions imported or taken out of warehouse for consumption on and after that date and to have applied to goods previously imported for consumption for which no entry for consumption was made before that date.

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THE TARIFF BOARD
CANADA

R.5

Public Sittings of The Tariff Board, as hereunder, have been called by the Chairman, Honourable George H. Sedgewick, K.C.:-

Monday, December 18th, 1933

REFERENCE NO. 20: An application by McAllister Agencies, Limited, Vancouver, B.C., for downward revision of the Customs Tariff on Red Telegage Liquid used in motor car gas gauges.

REFERENCE NO. 22: An application by William Smith & Sons, Toronto, for reduction or abolition of the British Preferential Tariff on Stoneware in the form of tableware articles.

Tuesday, December 19th, 1933

REFERENCE NO. 25: An application by Canadian Bronze Powder Works, Ltd., Montreal, for upward revision of the Customs Tariff on Bronze Powders.

REFERENCE NO. 28: An application by H. W. Cooey Machine and Arms Company, Cobourg, Ontario, for upward revision of the Customs Tariff on Firearms.

Wednesday, December 20th, 1933

REFERENCE NO. 31: An application by Brunner, Mond Canada, Ltd., Amherstburg, Ontario, for Free entry of Coke for the manufacture of Soda Ash.

The Sittings, which will be open to the public, will begin at 10.30 o'clock A.M., at the Board's offices in the National Research Building, Ottawa.

H. B. McKinnon,
Acting Secretary.

OTTAWA, November 20, 1933.

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CANADA

COPY -

Ottawa, 18th January, 1934

124901 fw

H.H.Love, Esq.,
President, W. J. Gage & Co., Ltd.,
Toronto, Ontario.

Dear Sir:

Your letter of the 15th instant, addressed to Mr. D. Sim, has been placed before me in order that you may receive a reply to the various points you have raised.

If you desire to have legislation enacted whereby all raw materials entering into the manufacture of school text books would be entitled to entry free of duty on the ground that the books themselves are permitted entry free of Customs duty under the tariff, I would suggest that you take the matter up with the Honourable, the Minister of Finance, or with Mr. H.B.McKinnon, the Commissioner of Tariff, at the Department of Finance, who would bring the matter to the attention of his Minister.

The same course should be adopted in the event of your desiring a change in the text of Drawback Item 1061, which provides that the drawback of 99% is only payable on bookbinders' cloth of a class or kind not made in Canada.

If, however, you have any representations to make in regard to the soundness of this Department's interpretation of the law, such representations should be made to this Department either personally or by letter, and you are, of course, aware that the final rulings of the Department are subject to appeal to the Tariff Board here in Ottawa.

Yours truly,

(Sgd) H.D.Scully,

Commissioner of Customs

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124901-fx

H. H. LOVE
PRESIDENT

JOHN C. SAUL, M.A.
EDITOR-IN-CHIEF

W. J. GAGE & CO. LIMITED

MANUFACTURERS AND SELLING AGENTS
FOR
The Educational Book Co. of Toronto, Limited
PUBLISHERS OF SCHOOL AND COLLEGE TEXT BOOKS

ALL BOOK CONTRACTS, BOOK PLATES, AND COPYRIGHTS ARE THE PROPERTY OF THE EDUCATIONAL BOOK CO. LTD. AND ALL CORRESPONDENCE IS CARRIED ON THROUGH W. J. GAGE & CO. LIMITED

82-94 SPADINA AVENUE
TORONTO February 1st. 34.

Tariff

Hon. Arthur Meighen,
National Building,
TORONTO.

Dear Mr.Meighen:-

You would be conferring a favour upon us if you could find opportunity when in Ottawa at an early date, to personally hand to the Minister of Finance the enclosed letter bearing on a situation which the writer has discussed with you personally, and the chances of it being given fair consideration would undoubtedly be enhanced if you cared to personally make comment in presenting it, to the effect that the condition referred to is such that might well bear looking into.

If the present conditions in Canada are as reported and exports from Britain are increasing whereas imports are decreasing, it would be useless to ask that a duty be placed on text-books at present, but the situation might be relieved without hardship to anyone if the paper, board and other raw materials were exempted. It would be an insignificant factor to the paper mills although of major importance to firms like ourselves who publish only school texts.

We are enclosing a letter from the Commissioner of Customs, from which we interpret that an application should be directed to the Department of Finance.

Trusting this will not be asking too much,
I am,

Yours very truly,

H. H. Love

HHL/H.

President.

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124901 fy

Feb.1,1934

The Minister of Finance,
O t t a w a ,
Ont.

Dear Sir:

We herewith respectfully make application for an adjustment of the unequitable situation which places us, as publishers of school text books, at a very considerable disadvantage in that we are obliged to purchase all raw material entering into the manufacture of these books on protected market whereas the completed article is allowed free entry into Canada.

The cloth covering for the books was, until recently, subject to a draw-back of 99% of the duty when used in the manufacture of such books but this privilege has recently been cancelled.

We therefore request that we be allowed a drawback of 99% of the duty on all raw material imported from the United Kingdom for the purpose of manufacturing school texts of a class or kind which, in completed form, are at present allowed into Canada free of duty.

The writer would make it convenient to visit Ottawa if necessary to discuss the situation with any representative you would appoint.

Yours sincerely,

President

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REFERENCE NO. 68

P. FREDERIC JACKSON
Customs Specialist - Departmental Agent
56 Sparks St., Ottawa.

Refer to File No. 8361 September 29, 1934

H. B. McKinnon, Esquire,
Commissioner of Tariff,
O t t a w a

Dear Mr. McKinnon:

SUBJECT: Meredith Simmons Company, Ltd.
Cold Water Paste Powders and Flakes

As you are aware, on different occasions during the past year, the writer has taken up with your Minister and yourself, the question of the situation in connection with corn grits, so-called, that is to say, cold water paste powders in flake form which merely require grinding to become a proper cold water paste powder.

In order to consolidate the facts and representations made in the last several letters, I am writing you herein.

PETITION

The final petition with respect to the wording of a tariff amendment to item 232d was the addition of the words "cereal or starch products which, when ground only, make an adhesive in cold water".

As you are aware, Meredith, Simmons & Company Ltd., manufacture in Canada, cold water paste powders using Canadian flour. The situation at present is that due to a technicality of the law, certain competitors are able to bring in cold water paste powders in flake form which merely require grinding and these said flakes are classified under tariff item 711. As was pointed out during differend interviews with yourself, the flake is an abortive product in the paste business insomuch as it is merely a matter of the adjustment of the doctor knives on the rotating drum dryer as to whether or not the material will come off in heavy flakes or in thin condition which in itself is practically powder. I attach a copy of the latest ruling of the Department on this subject.

As you are aware, only products which have been subject to heat treatment so as to reduce the starch cells would be soluble in cold water so as to form a colloidal solution. Extensive heat treatments requiring expensive apparatus are necessary to so treat starch or cereal flour in order to render them in such a condition that in minute particles they will form an adhesive paste in cold water. The present situation is so serious in connection with the question of importation of these corn grits, which is practically the finished product, that if something is not done in the matter my clients advise that it certainly does not become economical for them to continue their paste powder department but rather the economical thing to do would be for them to close this down and themselves import the flakes which would of course, it is submitted, not be in accordance with the desires of the Company or the intention of the Customs Law or your Government. By my clients so doing the Canadian flour mills would lose business on the raw materials and also by the Department closing down in my clients' plant, just that much less manufacturing would be done in Canada.

Details of information of a more or less confidential nature will be obtained if desired, in connection with the process of manufacture and my clients' business

Faithfully yours,

(Sgd.) P. F. Jackson.

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REFERENCE NO. 68

DEPARTMENT OF NATIONAL REVENUE

CUSTOMS DIVISION

File No. 174768

Feb. 16, 1934.

P. Frederic Jackson, Esquire,
Departmental Agent,
Ottawa Electric Building,
56 Sparks St. O t t a w a.

Subject: Tariff Status of Material, per sample, described as Cerealine

Sir,

This refers to your letter of the 12th January, respecting the tariff status of material described as above, which you refer to as "corn grits", which is in flake form and is imported to be used in the manufacture of adhesive paste. This material has been ruled by the Department to be dutiable under tariff item 711, after examination of a sample and other information furnished in regard to its use. You desire that this material be rated by the Department as an adhesive paste under tariff item 232d.

While your representations have been noted, I can only advise you that when this material was before the Department for rating, its tariff status was fully considered at that time and, in view of the fact that it will not make adhesive paste with cold water in the flake form in which it is imported into Canada, it cannot be rated as an adhesive paste under tariff item 232d, for duty purposes. It is, therefore, properly dutiable under tariff item 711 as an unenumerated material and the Department can only adhere to the previous ruling under this tariff item.

Yours truly,

(SGD.) L. F. JACKSON
For Commissioner of Customs.

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124901 gb

REFERENCE NO. 69

THE CANADA STARCH CO. LIMITED.

Works
Cardinal, Ont.
Fort William, Ont.

Railway Exchange Building
637 Craig Street, West
MONTREAL, Canada.

Address all
correspondence to
Post Office Box
760, MONTREAL.

October 6, 1934.

Hon. E. N. Rhodes,
Minister of Finance,
Ottawa, Ontario.

Dear Sir:-

We are informed that Reference No. 18 will be introduced again before the Tariff Board dealing with the product known as "Ultra-Dextrine", and making the claim that this product should be admitted into Canada at the low rate of duty imposed on what is known as high soluble dextrine, although analysis shows that this is a very low soluble product, and little more than a thin boiling starch.

You are aware that we have complained for years about the illogical treatment of dextrines in the Tariff, and have furthermore made strong objection to the inclusion of the words "Sizing Cream" in Tariff Item No. 255, as Sizing Cream is certainly not a dextrine, and any examinations of this product, when it has been imported into Canada, have revealed the fact that in almost every case it has been found to be starch of some kind.

We are now manufacturers of all grades of Corn Dextrines and we would ask your permission to have this question thoroughly investigated by the Tariff Board; our contention being that the base of all dextrines is starch which has been carried to a further point of manufacture, and there is no logical reason therefore why any dextrine should carry a lower duty than starch and its derivatives. It is significant in this connection that in the United States, and most other countries, where dextrine is a feature, the tariff rate on dextrine is 1/2¢ a pound higher than the rate on starch.

The words "Sizing Cream" and "Enamel Sizing" ought to be struck out of the Dextrine Item altogether, for as a matter of fact Sizing Cream is not a specific item, and should be dealt with under the heading of the base from which it is made.

We should therefore like to have the privilege of laying all the features of this question before the Tariff Board.

Yours faithfully,

THE CANADA STARCH CO., LIMITED

(Sgd.) G. F. Benson

President and Managing Director.

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124901 qc
REFERENCE NO.70

P. FREDERIC JACKSON
Customs Specialist - Departmental Agent
56 Sparks Street, Ottawa

October 6, 1934.

H.B. McKinnon, Esq.,
Commissioner of Tariff,
Ottawa, Canada.

Dear Mr. McKinnon:- Subject: Energen Foods Limited - Diabetic breads and biscuits tariff reference

Further to the interview in your office on the fifth instant between yourself, Mr. Frank L. Benedict, of the firm of Frank L. Benedict and Company of Montreal, and the writer, and particularly in connection with the letter dated, I believe, September the fifth and addressed to the Minister of Finance by the Energen Foods Limited of London,England, I would respectfully beg to confirm certain observations made during this interview, which will I trust further explain and clarify the nature and virtue of this request.

Petition: It is petitioned that at the next ensuing session of Parliament your Government should bring into effect the necessary tariff amendment to provide an equitable tariff classification for Energen bread and biscuits. This product is what is known as a diabetic food, and under the direction of the medical practitioner would constitute an important element in the diet of the patient suffering from diabetes. It is suggested that a tariff item should be inserted in the Canadian Customs Tariff to read "Diabetic bread and biscuits" or "Diabetic bread and biscuits,under regulations by the Department of Health", and that the rate of duty under the Intermediate and General Tariffs should be at the discretion of your Minister, but the British Preferential Tariff should be duty free.

Facility of Administration: With respect to the question of whether or not such a tariff provision would be capable of administration this is one which will no doubt be important, and in this connection it is of interest to point out that the Department of Health at the present time by regulations established under an Order-in-Council determine and define such diabetic cereal foods. In other words, in order for a product to be sold in Canada at present as a diabetic bread or biscuit it must meet the requirements of the Department of Health, and it is only this class or article which is contemplated by my clients in connection with this request for tariff revision.

A few pertinent facts: I feel that the following pertinent facts will be of interest in connection with this case as worthy of consideration.

1. In the first place it must not be lost sight of, I submit, that many of the sufferers from diabetes are in more or less humble circumstances and can little afford to pay for such diabetic bread and biscuits, and the effect of the present Customs tariff on the compilation of the selling price to the Canadian consumer in many cases must constitute a great hardship.
2. The method of manufacture and manufacturing costs involved predetermine the price as being out of the category of ordinary bread and biscuits, and in addition the taste is not one which would enable this product to find a market other than for use in a diabetic diet or on advice of the medical practitioner.
3. The regulations of the Department of Health aforementioned herein,at present in effect, establish and determine just what products can be sold as diabetic bread and biscuits and assist in establishing such products in the class by themselves which they are by manufacturing methods, physical and chemical characteristics, and intent and design,prepared to fill.
4. The nature of the disease of diabetes is such that a properly controlled diet is of the most vital importance to the sufferer. The medical practitioner must have available diabetic breads and biscuits with a definitely determined carbohydrate content in order to accurately and properly diet the patient. The need and value of this class of product available at the lowest possible price cannot be overemphasized.
5. I do not believe any such change would adversely affect any Canadian manufacturer, as I doubt that any Canadian manufacturer is in a position to offer a bread or biscuit which will meet with the necessary requirements to be sold as a diabetic food.

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6. The manufacturers in England use Canadian flour in the manufacture of these products and it would seem only equitable and just that this should be worthy of some weight in connection with the petition herein contained.
7. As a result of the Imperial Conference I respectfully submit that the intentions and desires of the Government to foster trade within the Empire would be furthered by the petition herein contained being complied with.
8. In short, a purely fiscal tariff reacts to enhance the price of a food for sufferers from diabetes, a widespread disease, which food is sorely needed and of great value to the patient under guidance of the physician in regulating the diet.

I trust that the foregoing few brief comments will be of assistance in reviewing this case.

Faithfully yours,

(Sgd.) P. F. Jackson.

ENERGEN FOODS CO. LTD.
Energen Works - Bridge Road
Willesden - London - N.W. 10

Date 5th September, 1934.

The Hon. Edgar N. Rhodes, K.C.,
Minister of Finance,
House of Commons,
OTTAWA, CANADA.

Dear Sir,

Since the receipt of your esteemed letter of 9th July, we have been in communication with the Board of Trade here (commercial Relations and Treaties Dept.), and have to-day received a reply from the Assistant Secretary as follows: -

> "I am directed by the Board of Trade to state that, as you were informed by the Department of Overseas Trade in the summer of last year, His Majesty's Senior Trade Commissioner in Canada supplied the Canadian Tariff Commissioner with details of your case, and was advised that the question would be considered by the Canadian Minister of Finance."

We are sure you will appreciate from the foregoing that the matter has gone through the regular official channels in the manner you desire.

We shall be very glad to know, therefore, that our application is, as you say, being referred at once to the Tariff Board for a hearing.

Yours faithfully,

ENERGEN FOODS CO., LTD.

(Sgd.) J. T.

Export Dept.

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CANADA

Public sittings of the Tariff Board, as hereunder, have been called by the Chairman, Honourable George H. Sedgewick, K.C.:

NOVEMBER 19, 1934.

Reference No.55 - Second hearing of application by the Canadian Manufacturers Association for upward revision of all rates of duty in Tariff Item 569 - Hats, Caps, Berets, Hoods and Bonnets; Crowns and Shapes.

Reference No.19 - Second hearing of application by Canada Decalcomania Company, Limited, Toronto, for upward revision of all rates of duty on Decalcomania Transfers, other than those in ceramic colours - Tariff Item 180.

NOVEMBER 20, 1934

Reference No.67 - An application by the Insulation Bureau of Canada, 4399 Wilson Avenue, Montreal, for upward revision of all rates of duty in Item 494a - Cork Slabs, Boards, Planks, etc.

Reference No.70 - An application by Energen Foods Co. Ltd., Willesden, London, England, for free entry under the British Preferential tariff of diabetic breads and biscuits.

NOVEMBER 21, 1934

Reference No.69 - An application by the Canada Starch Company Limited, Montreal, for upward revision of the rates, and deletion of the words "sizing cream" and "enamel sizing", in Tariff Item 255.

Reference No.18 - Second hearing of an application by Canadian Manufacturers' Agents Reg'd., 1434 St. Catherine Street, West, Montreal (formerly sponsored by Messrs. Anthes & Sons), for revision of the rates on Ultra-Dextrine, classified under Tariff Item 39.

Reference No.68 - An application by Meredith, Simmons and Company Limited, Toronto, for an amendment in wording of Tariff Item 232d - Adhesives.

The sittings, which will be open to the public, will begin on each date at 10.30 o'clock A.M. at the Board's offices in the National Research Building, Ottawa.

H. B. McKinnon,

Acting Secretary.

Ottawa, October 20, 1934.

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124901 gf

THE TARIFF BOARD
CANADA

A/22

A Public Sitting of the Tariff Board will be held in the Research Building, Ottawa, on Tuesday, November 27th, 1934, at 10.30 A.M., when the undermentioned Appeals under Part II of The Tariff Board Act will be heard.

APPEAL NO.39 - by the Ontario Cork Company, Limited, Toronto, against the ruling of the Department of National Revenue that corks, tapered and straight, commonly used as bottle stoppers, are made in Canada and therefore subject to dumping duty; and for a declaration by the Tariff Board that such corks have not been made in Canada since the 15th day of June, 1932.

APPEAL NO.41 - by David Rosenstein Limited, Toronto, against a ruling of the Department of National Revenue classifying VAL-U-LAC cement and VAL-U-LAC cement solvent imported by this firm under Tariff Items 248 and 220(c), respectively.

APPEAL NO.42 - by Kelly, Douglas & Co., Limited, Vancouver, B.C., against the ruling of the Department of National Revenue that dates imported in 20-lb. boxes, divided by cardboard into four sections, are dutiable under Tariff Item 99e.

Edgar Bournival,

REGISTRAR OF APPEALS.

Ottawa, November 2, 1934.

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MEIGHEN PAPERS

Series 5

(M.G. 26, I, Volume 197)

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 197)

PUBLIC ARCHIVES
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CANADA

Boxes 124902

F 112 - P

OTTAWA, 17 janvier 1934.

Cher monsieur,

En l'absence du Très Honorable M.Meighen, j'ai l'honneur d'accuser réception de la lettre que vous lui avez adressée à la date du 15 courant, avec une copie d'une résolution de votre Association et qui se rapporte à la taxe imposée aux Boulangers et aux Confisuers.

Votre tout dévoué

Secrétaire particulier.

Monsieur Rod. POULIOT,
Secrétaire-Trésorier
Association des Boulangers et Pâtissiers
de la Province de Québec,
Chambre 309, Immeuble Quebec Power,
Québec,
Qué.

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1. de M.
To translation
S.V.P. Hinds

THE SENATE
CANADA

124903

OTTAWA, 17 January, 1934.

Dear Sir,

In the absence of the Right Honourable Mr. Meighen I beg to acknowledge receipt of your letter of the 15th instant enclosing copy of a Resolution of your Association with respect to the tax imposed on cakes, pastry, etc.

Yours faithfully,

Private Secretary.

M.Rod Pouliot,
Sec. Treas., &c.
Quebec, P.Q.

Sent in French

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124904
Rod. Pouliot, Sec.-Trés.

L'ASSOCIATION DES BOULANGERS ET PATISSIERS DE LA PROVINCE DE QUEBEC

(*Incorporée d'après les Statuts de la Province*)

Bureau Provincial
Chambre 309
Edifice Quebec Power
Québec
Téléphone 3-3714

Organisé pour la Protection des Intérêts des Boulangers et Patissiers de la Province

Québec, 15 janvier, 1934.

Honorable H.M.A.Meighen
Ministre sans Portefeuille,
Hôtel du Gouvernement,
OTTAWA.

Honorable Ministre,

Vous trouverez inclus copie d'une lettre adressée à l'Honorable R.B.Bennett, par notre Président, Monsieur L.J.S.Deschamps, re taxe imposée aux Boulangers et aux Confiseurs.

Nous comptons sur votre appui.

Vos tout dévoués,

L'ASSOCIATION DES BOULANGERS ET PATISSIERS
DE LA PROVINCE DE QUEBEC, INC.,
BUREAU PROVINCIAL.

Rod Pouliot

ROD. POULIOT
Sec.-Trés.

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124905

Honorable R.B.Bennett,P.C.K.C.L.L.D.M.P.
Parliament of Canada,
OTTAWA.

Honorable Sir:-

The Quebec Provincial Bakers and Confectioners Association of the Province of Quebec beg to present a petition which they humbly pray, will receive your grave and careful consideration.

This matter is of vital importance to the trade through out Canada and we cannot emphasive too strongly the seriousness of the situation.

The subject of this petition is the 6% tax imposed April 7th,1932, on cakes,pastry buns and cookies encluding bread rolls.

We petition you to place this tax on the raw ingredients rather than on the finished products but would prefer the complete cancellation of this tax on our products which are food products and were never taxed before by any government and not even in England.

We have already met the Honorable Rhodes Minister of Finances of Canada but sincerely the Masters Bakers and Confectioners of Canada were certainly not given the least attention possible as nothihg was ever done to remove that tax or facilitate that tax to the bakers.

We were advised to pass that tax to the consumer but we have done the utmost to do it with no success and we affirm to-day that it is completely impossible to do so. Every confectioner and baker of the Province of Quebec is operating either at a lost or right on the border line at the present time and to loose even a fraction on the business by antagonizing the customer will be fatal to our baking industry.

Now Sir, we are not trying to shirk your duty towards the government, we realize that tax must be placed in order to conduct the Dominion but we believe that more money will be provided if the tax was placed on the raw material or excise tax placed on the different shortening what would help your Government to cancel the Sales'Tax and the sugar Tax on the bakers and confectioners.

The wholesale houses pass the tax on the retailer and are unable to make correct return without suffering any financial lost.

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124906

The circumstances of business in this line to-day are such that every proprietor must be a practical man or have been. He cannot take time to set up the involved accounting machinery required by this method of taxation, he cannnt afford to employ an expert accountant and hence must estimate his actual sales between taxable or none taxable merchandise; when the departmental inspector examen the record he assesses at a high figure in the absence of proper record to the contrary. Yes,it is virtually impossible to keep the correct record. We trust Sir, that you appreciate the fact that the ramification of the unjust tax are wide and if persisted 75% of our bakers and confectioners will certainly be obliged to go out of business at great loss for themselves and for their creditors. These men will be forced to go on the direct relief, to say nothing of their employees families.

Sir, we fail to understand why a retail business should be taxed in this manner, the Sales'Tax is supposed to be a wholesaler's Tax and we believe we are the only retail trade in Canada taxed on the finished products. We ask also that 2ct.per pound on sugar be exempted to bakers and confectioners,vast quantity of sugar is used in the manufacturing of cakes which product is taxed 6%. In addition we also ask that no more tax be put on bread rolls and all ingredients entering into the manufacturing of the bread be completely exempted from any tax like the Sales'Tax of the yeast which is unjust, excise or sales'Tax on malt also unjust, because you mention everywhere in Canada that there were no tax on bread when half of the ingredients are suggested to tax, that making the bread taxed by itself.

We are confident,Dear Sir, that the conservative party will give this petition earnest consideration and that yourself as Prime Minister of Canada will protect an industry in which a so large capital is involved and which employs many thousand people with good wages which are decreasing gradually by the fact that the masters bakers and confectioners have to cut wages to be able to pay a part at least of the unjust taxes.

Believe me,

Yours truly,

L.J.S.DESCHAMPS
President,
BAKERS & CONFECTIONERS ASSOCIATION OF THE PROVINCE OF QUEBEC,INC.,
PROVINCIAL BOARD.

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Toxa 124907

Ottawa, Ontario.
March 27, 1934.

112 R.

Dear Mr. Rapley:

I have yours of 24th.

Am glad to have your review of the situation as regards sugar tax and the Bisuit and Confectionery Companies. We know something of this ourselves in connection with Picardy Candy Co. There are several special taxes which are hurting business--indeed smothering business.

Sincerely yours,

Arthur Meighen.

Mr. W. P. Rapley,
Canada Biscuit Company Ltd.,
London, Ontario.

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CANADA BISCUIT COMPANY, Limited

124908

EXECUTIVE OFFICES

McCORMICK PLANT, LONDON, ONTARIO

OWNING AND OPERATING

McCormick Mfg. Co., Limited, London, Ont. D. S. Perrin & Co., Limited, London, Ont.
J. A. Marven, Limited, Moncton, N.B. Paulin-Chambers Co., Limited, Winnipeg, Man.
Montreal Biscuit Co., Limited, Montreal, Que. Northwest Biscuit Plant, Edmonton, Alta.
Northwest Mill and Feed Plant, Edmonton, Alta.

March 24, 1934

The Rt. Hon. Arthur Meighen,
Parliament Buildings,
OTTAWA, Ontario.

Dear Mr. Meighen,

I wish to thank you very much indeed for your letter Of 21st instant. I shall follow your advice in the matter and hope that I may be permitted to get in touch with you again at a later date.

The Managing Director of this Company is President of the Association of Confectionery, Biscuit & Chocolate Industries of Canada and recently accompanied a delegation to Ottawa to interview the Minister of Finance in regard to the present tax on sugar. I think that you will be interested in this situation and I am recording herewith the contents of a letter which was written yesterday to the Rt. Hon. R. B. Bennett.

"The writer is one of a delegation from the Biscuit and Confectionery manufacturers who interviewed Hon. E. N. Rhodes, Minister of Finance, on Friday, March 16th, and presented the briefs relative to the views of the industry regarding the sales tax and sugar tax. Since that date, the writer, as President of the Confectionery, Biscuit and Chocolate Industries of Canada, has sent you copy of the brief of the confectionery manufacturers.

"At the same time I have thought it advisable to give you first-hand confidential information as to the results of the operations of the Canada Biscuit Company, Limited, of which I am Managing Director for their fiscal year ending 31st December, 1933. The result of the year 1933 operations was an operating loss of $154,563.26. The sugar tax cost this Company last year the sum of $143,600.00 and, owing to the low purchasing power of the consumers and keen competitive conditions in the industry, it was practically impossible to pass any part of the sugar tax on to the consumers.

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CANADA BISCUIT COMPANY, LIMITED

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124909

To Mr. A. Meighen

Date March 24, 1934

"The Canada Biscuit Company, Limited, represents invested capital of over $5,000,000.00 and operates five large plants, employing around 700 to 1000, varying with the season. We have done our utmost to keep as many employees working as possible and to maintain fair wages. At times the Board has very seriously considered the closing of some of our Plants but has deferred doing so in the hope that conditions would improve.

"Had it not been for the extra burden of the sugar tax last year, I was very hopeful that I would be able to present to our Board a statement showing all charges covered, but the imposition of the sugar tax made this impossible and I feel that the sugar tax, to a large extent, accounted for the operating loss referred to. As I have stated before we could not pass this tax on to consumers.

"I hope that you and your colleagues will give favourable consideration to our plea for the cancellation of this tax and endeavour to secure the necessary revenue in a more equitable manner. We appreciate the Government's needs for revenue and, were it not for the fact that the sugar tax is such a heavy burden on our industry, we would not be asking for relief."

I might say that our Company for the year ending 1933, paid slightly under $200,000.00 in sales tax and in arriving at this amount we must bear in mind that we are compiling the sales tax on top of the sugar tax as sugar is the chief ingredient in making confectionery. Theoretically, these taxes should be passed on to the public but due to very severe competition and the low purchasing power of the masses, this has not been altogether possible and the industry as a whole is confronted with a very serious situation.

I might say that the Association of British Biscuit Manufacturers has applied to the Tariff Commission to have the duty removed on English biscuits exported to Canada on the grounds that the high price at which their product sells in this market does not offer competition to the Canadian Manufacturers. It is quite possible that they would be in a position to dump their cheaper grades into Canada. The flour used by the British Manufacturers is made from wheat grown in Great Britain or the Continent and is superior for biscuit manufacturing to anything that we can obtain in Canada as the flour is of a softer texture.

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CANADA BISCUIT COMPANY, LIMITED

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124910

To Mr. A. Meighen Date March 24,1934

It is not generally known that practically all the flour used in the manufacturing of biscuits has to be obtained in Western Ontario as the hard Western wheat is not suitable and we have to ship Western Ontario flour to Winnipeg and Moncton.

We all have our problems these days and I am merely passing these remarks along to you in the hope that they may be of some value to you at a future date.

Yours faithfully,

W. P. RAPLEY,

WPR/JEB

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Ottawa, May 29, 1924.

Dear Mr. Varley:

I have your letter of 21st. This matter, of course, comes entirely under the Minister of Finance. I will, however, be glad to take into sympathetic consideration the request you have made.

Yours very truly,

Arthur Meighen.

Mr. Wm. Varley,
Toronto Building Trades Council,
167 Church St.,
Toronto, Ont.

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Toronto Building Trades Council 2

(AFFILIATED WITH THE BUILDING TRADES DEPT., A.F. of L.)

AFFILIATED LOCALS

Asbestos Workers, Elgin 6998.
Bricklayers and Tilesetters, Elgin 7709.
Bridge and Structural Ironworkers, El. 4461.
Carpenters' District Council, Elgin 7508.
Cement Finishers, Elgin 6998.
Electrical Workers, Elgin 7708.
Elevator Constructors, Wa. 7178.
Granite Cutters, Elgin 6998.
Builders'-Laborers, Elgin 6998.
Plasterers' Laborers, Elgin 6998.
Stone Masons, Elgin 7709.
Hoisting Engineers, Elgin 6998.
Boiler Makers, Elgin 6998.

Office of the Secretary
LABOR TEMPLE, 167 Church St.
PHONE ELGIN 6998

27

AFFILIATED LOCALS

Painters and Decorators, Local 151, El. 6862.
Glass Workers and Glazers, Local 958, Elgin 6862.
Painters and Decorators, Local 1014, Trin. 4290
Sign Painters, Local No. 1113, Elgin 6862.
Plasterers, Elgin 6998.
Plumbers and Steamfitters, Ki. 3647.
Sheet Metal Workers, Elgin 6996.
Stone Cutters, Elgin 6998.
Lathers, Elgin 6998.
Upholsters, Elgin 6998.
Terrazzo Workers, Elgin 7709.
Terrazza Workers Helpers, Elgin 7709.
Painters and Decorators, Local 557, El. 6998.

May 21st, 1934

The Right Honourable,
Arthur Meighen,
Ottawa, Ont.

Honourable Sir:-

I am instructed by The Toronto Building Trades Council to communicate with you requesting your assistance in an effort to have the Federal Government give consideration to a real and not an apparent reduction of the tax on beer.

We understand that the proposed new tax actually results in a slight increase over the existing tax. It was the hope of our Organization that the decrease of the Federal Tax, with hopes of the same being further implemented by a decrease in the Provincial Tax would have brought about a reasonably priced glass of beer, bought in a place where it would be properly conditioned and palatable.

I have communicated with the Minister of Labor, The Hon. Mr. Gordon and the Minister of Revenue, Hon. Mr. Rhodes who, in their replies, were to say the least sympathetic, therefore I am now asking that you lend your assistance in having the Ancient and Historic Beverage restored to its Ancient and Historic Status.

Thanking you in contemplation, I remain,

Yours very truly,

Wm. Varley

Secretary,
Toronto Building Trades Council.

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Ottawa

WHAT This Year's CROP MEANS to CANADA

By C. M. SHORT

CROP results in the Prairie Provinces should always, and particularly this year, be viewed in terms of total grain production, for these areas are not only great wheat lands, but also large coarse grain fields. An average wheat yield would approximate 400 million bushels, but a normal yield of all coarse grains (oats, barley, rye and flax) would be over 300 millions. Thus, coarse grains play nearly as important a part in Western economy as wheat, which, however, is well in the lead as a cash crop for immediate purposes. This fact may explain why wheat overshadows its associate grains.

Upon this basis we may proceed to a consideration of several factors which are coming into play as a result of the comparatively good season of 1938, notably, the probable stimulating effects upon Canadian business as a whole, the prospective foreign marketing conditions for the exportable surpluses of grains, especially for wheat, and the influence this year's crops will have in the economic reconstruction of the Prairie Provinces.

The first official 1938 estimate (subject to revision) of the composite grain yield (that of wheat and coarse grains) is 680 million bushels, as compared with a harvest of about 370 millions in 1937. It is important to note that the forecast of the coarse grain crops (346 million bushels) is higher than that of wheat (334 million bushels), which is one reason for including coarse grains in this analysis.

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although the rate of the taxes has increased, the revenues therefrom have diminished.

In New Brunswick, chain-stores are subjected to a tax which is graduated according to the amount of gross retail sales. In Nova Scotia the tax varies with the gross income of each store and with the number of stores. The operation of this particular tax is further complicated by the fact that one store is counted as a number of stores if its gross sales are very large. In Prince Edward Island the tax is imposed if there are four or more stores in the chain, even though only one store is actually in the province. The tax amounts to the sum of $2,000 per branch store doing business within the province. The tax, however, is reduced to 3% of the gross annual turnover of the branch if the $2,000 is more than the 3%.

Chain-stores are also taxed by Canadian municipalities in a discriminatory way. For example, chain-grocers, butchers and "bazaars" in Montreal are taxed $1,000 for each store over the tenth, while in Three Rivers, the special tax on any chain-store amounts to $2,000 per store. The size of these taxes leads inevitably to the conclusion that they are intended for the suppression of chain-stores owned outside the taxing jurisdiction. It would be impossible to justify the Three Rivers tax, for example, on the ground that it is purely a revenue-producing tax.

As it would be hopeless within the confines of one article to cover minutely the whole general field of municipal discriminatory taxation, the following remarks are restricted to the general situation as it exists today in the Province of Quebec. By Section 92, Sub-section 8, in the B.N.A. Act, the provinces are given the power to legislate over "the Municipal Institutions in the Provinces." The province may thus endow municipalities within their jurisdictions with its own taxing powers, and as a consequence, they are in a position to regulate trade and commerce and to discriminate in favour of local business in the same way as is the province, *i.e.*, by the powers of licensing, taxation and regulation.

Under the Cities and Towns Act of the Province of Quebec, for example, municipalities have the power to exact a licence fee not exceeding $200, in addition to any other taxes, on persons carrying on business within the municipality. At the same time, they are allowed to discriminate against non-residents carrying on business to the extent of 50%. In addition to this underlying power, which is common to all the municipalities of the Province, the practice has grown up of obtaining special acts which amend the civic charters by giving special powers of taxation. In the Province of Quebec alone, there are over 100 such municipalities whose powers of taxation have been specially added to by amendments to their general charters.

This extraordinary taxation has undoubtedly been designed to protect home industry rather than simply to raise revenue. Thus Lachine, Granby and Verdun, for example, have the power to tax, by means of a licence fee, any non-resident who does business in the municipality. This special tax is quite apart from the general 50% discriminatory business tax referred to above. The effect, of course, is that local traders are not taxed, while those coming in from outside, are. The inevitable result of such unfair taxation is to be seen in the provision in the Charter of the City of Montreal, permitting the imposition of a similar tax on traders from nearby municipalities where such municipalities tax Montreal merchants. Thus the round of retaliation goes on, a parochial outlook is encouraged and business wastes time and effort figuring out how to get over the hurdles instead of how to increase the prosperity of the country.

The conflict is more than just a bickering between one group of citizens and another. It is a conflict of ideas in the interprovincial field which has its counterpart in the international field. No one province is or can be sufficient unto itself any more than can one country. The experience of the last few years has amply proved that. Nor should the citizens of Canada, in whatever province they live, be prejudicially aided or hampered in their business activities. We are one country, not nine; and the sooner we tear down our local and provincial barriers to trade and commerce, the sooner will we reach the commercial destiny which nature has so bountifully defined for us.

As Canadians of one province, we should not have to look askance at our fellow Canadians across the provincial boundary lines. The free movement of trade from Vancouver to Halifax is the life-stream of our economic prosperity, and the future national unity of Canada rests on its uninterrupted flow.

Profitless Mfg.

THE average factory worker must use the facilities provided by a company with sufficient effectiveness to produce values amounting to 2½ dollars for each dollar he receives in wages or salary if the organization is to continue successfully. In other words, gross production should equal 2½ times the payroll. This ratio varies sharply for different industries, but *in general* employees should not be paid more than 40% of the value of their production.

This is a conclusion reached by Colonel Ayres in a study recently made for The Cleveland Trust Company. Unfortunately, however, during the past eight years results have not approached this level. In the United States losses have been nearly continuous during this period and final figures for 1936, 1937 and 1938 may show that manufacturing has failed to retain any margin of profit in any of the nine consecutive years beginning with 1930.

A brief survey of Canadian operations does not suggest such a distressing picture, but it is obvious that in the United States and even in this country, results like those of the past eight years cannot be indefinitely continued.

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the "foreign" producers complain, the Dairy Board has, on occasion, pointed out that it must protect the health of the people of the Province.

Other examples of discrimination against extra-provincial products by means of regulations, ostensibly in matters affecting public health, could be cited. An Ontario statute provides (presumably as a measure of protection for the Ontario consumer) that ". . . no person shall sell, expose, or offer for sale, bread or buns manufactured out of Ontario without the written permission of an inspector." It is claimed, however, that, as a matter of policy, there is no written permission being given at the present time to sell bread or buns made outside of Ontario. The Federal Government again has not a clear record in this respect. The Dominion Dairy Industry Act forbids the manufacture, import or sale of oleomargarine or any other butter substitute. This effectively protects the dairy producer, but withers any attempt at margarine manufacture. Of course, it is a debatable point whether the consumer should be allowed to purchase the cheap substitute or whether he should be compelled to purchase (or do without) the real article, which is probably more healthy for him. In the United States, however, the Dairy Lobby at Washington has succeeded in having oleo producers so heavily taxed that their industry is well protected without any "prohibition."

Another way of favouring local products to the detriment of those of other provinces is to impose a tax on the "imported" article. British Columbia taxes the user of fuel-oil one-half cent per gallon. No tax is levied on the user of coal, however, so that Alberta oil has to compete on an unequal basis with British Columbia coal. The high-water mark of provincial protection is illustrated by the Nova Scotia Transient Photographers Act which requires non-resident photographers to be specially licensed at a fee of $200.

Sales Tax

In 1936, New Brunswick tried the radical departure of taxing those businesses owned outside but operating within the Province on the amount of their gross sales. Deductions are allowed for the sale of goods produced in the Province, so that the effect is a sales tax on "imports" into the Province. It was fairly obvious that the retailer would pass the tax on to the consumer by increasing the price of his goods, thus rendering the tax indirect and contrary to the powers extended under the B.N.A. Act. As a result of the defeat of the resolution of the Federal Parliament to amend the B.N.A. Act by giving the provinces power to impose an indirect sales tax, the constitutionality of this New Brunswick tax is highly questionable.

The Government has not repealed the legislation and a number of the firms affected are paying the tax, but it is understood that no proceedings are being taken against those who refuse to pay, so a reasonable inference is that doubt exists on the part of the Government as to the constitutionality of the statute.

Incorporations

Another statute, which undoubtedly provides an interprovincial barrier, is one passed in 1937 by the Legislature of the Province of Quebec, requiring all corporations engaged in the development of the natural resources of Quebec to have a Quebec Charter. This is obviously an obstacle to any company previously incorporated under the laws of another province or of the Dominion. If this law is intra vires of the Province, as it quite possibly is, there will soon be similar legislation on the part of other provinces, and we shall be faced with the delightful prospect of chaotic confusion in our primary industries. A company exploiting mining claims in the Maritimes, Quebec, Ontario and the West (as many of them do) would be required to re-incorporate itself at least three times, with resulting duplication, waste and expense.

Retail sales taxes also provide sectional barriers. In as much as all taxes act as drags or brakes on business, differing rates for the same kind of tax act as a differential drag and thus adversely affect business in one province more than in another. For example, Saskatchewan people pay two per cent retail sales tax (the Saskatchewan Education Tax). The adjoining province of Manitoba has no such tax and, as a consequence, business can be diverted by mail orders or otherwise to next door "sovereign provinces" which tends to make business brisker in Manitoba than in Saskatchewan. Similar results, of course, are obtained by the 2% sales tax imposed in the city of Montreal.

Other taxes might be mentioned which have this differential drag effect. For example, consider the well-known gasoline tax imposed by all the provinces. This amounts to ten cents per gallon in the Maritimes, six cents in Ontario and Quebec, and seven cents in the West. Again, the way in which succession duties are being levied has a most depressing effect on business. Owing to the avid desire of the provinces for revenue, succession duties may now be imposed two and even three times on the same assets of an estate. To escape this, there is a definite tendency for the capital of an estate to be restricted to one province to evade the application of such duplicatory taxation. This tendency, naturally, is operating greatly to the detriment of the Maritimes and the West, as more of the employable capital of Canada is concentrated in the central provinces of Ontario and Quebec and their smaller estates are carved into by the latter. Other "differentials" are provided by Labour Regulations, Workmen's Compensation Acts and Minimum Wage Laws which may mean that producers engaged in the same line of business may have widely differing labour costs.

Chain Stores

Another type of discriminatory tax legislation that has increased enormously in the last few years is that against chain-stores. This type is distinctive in that it is aimed, not only at extra-provincial business, but also at a specific business. As a consequence, the number of chain-stores has been greatly reduced, and

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Nevertheless, by one means or another, protective walls, tantamount to tariffs, have been artificially raised along provincial boundaries. The provinces have been able to achieve their protectionistic objectives through their powers of taxation, licensing and general regulation. About two years ago, even the Federal Parliament endeavoured to assist, unconsciously perhaps, the provinces to raise such artificial barriers by proposing to give, under the guise of providing more provincial revenue to meet increased local expenditures, the right to tax indirectly. It was pointed out by The Canadian Chamber of Commerce which, vigorously and successfully, along with certain other organizations, fought this proposal, that, if the provinces were granted and were to use the right to tax indirectly retail sales (and they no doubt would use it), protective tariff walls could be raised between the provinces. When you tax directly the consumer, you are taxing the citizens of the provinces without discrimination, but when you tax transactions prior to the retail sale, you can discriminate by taxing extra-provincial goods and exempt from that same taxation the goods of the province concerned. Thus, had the proposed amendment to the B.N.A. Act become operative, the provinces would have been enabled to pass discriminatory and retaliatory tax legislation, which would block, hamper and divert inter-provincial trade.

Because of this constitutional fear of taxing indirectly the goods of other provinces, a number of provincial governments have acts on their books which, in effect, involve indirect taxation and which can be constitutionally questioned. On this account, they are not being seriously enforced. Here again is a further evil in that our laws, if worthy of our statutes, should be observed.

Liquor Tax

First let us consider the administration of liquor sales in the various provinces. Legislation in all of the provinces except Prince Edward Island, which is still "dry," vest the power of control over the sale of alcoholic beverages in provincial Liquor Control Boards or Commissions. These Boards have power to tax the retail seller of beer, (where retail outlets are permitted in addition to the Government stores), to license him, and generally to make regulations concerning the conduct of his business and the products he sells. These regulations, however, as you may already have surmised, can seriously affect the output of brewing and distilling industries in other provinces. The Manitoba Government Liquor Control Commission, for instance, has set the price at which alcoholic beverages shall be sold to licencees and permittees. In December 1936, this Commission increased the price of beer brewed outside the Province by 5c per bottle, leaving Manitoba brewed beer at the former price. As a consequence, it was estimated that the sales of Ontario breweries (which were the ones most directly affected) were reduced by some 90%.

Nova Scotia and New Brunswick also have a differential price of 5c per bottle, but Quebec and Alberta have no discriminatory regulations. Ontario taxes outside breweries approximately one-half cent per case more than the local breweries. This is, of course, negligible, but the principle behind the tax remains vicious. Saskatchewan does not allow outside breweries to sell in beer parlours. British Columbia only allows lager beer to be sold in beer parlours, and will not purchase anything but ale from outside breweries.

In a sense, the Government at Ottawa has condoned this particular example of provincial discrimination. A Dominion Act, passed in 1929, prohibits the importation into a province of any intoxicating liquor, except such as has been purchased by and is being consigned to His Majesty, or the Executive Government of the Province, or the Liquor Control Board of the Province. By this Act, in effect, the Dominion Government permits a province to raise a barrier similar to a tariff barrier against extra-provincial goods. If you live in Vancouver or Toronto and carry a bottle of liquor with you on a business trip to any other province, you are, in theory, a first-class smuggler. As a result the Federal Government finds itself in a peculiar position—conniving at the destruction of that Canadian unity of which it should be the staunchest defender.

"Health" Barriers

Legislation governing dairy products is another means by which provincial governments foster local products to the detriment of inter-provincial trade. Under these acts the sale of dairy products is usually controlled by a Board which has powers similar to the Liquor Control Board. This Board arranges for the inspection of milk, for example, and can discriminate against extra-provincial dairies by inspecting them at an inordinately high fee, or by refusing to inspect them at all. When

POLITICAL and selfish economic interests have attacked Canadian prosperity from within by subtly raising business barriers along provincial boundary lines. How are they built, what is their effect and why they should be eliminated, are all sketched here as a result of a nation-wide survey

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124917



Were the Fathers of Confederation to look down on this country today they would be appalled at the sectional obstacles, tantamount to tariffs, which are hampering Canadian commerce from freely flowing across provincial boundary lines

HANDCUFFS on BUSINESS

By
DWIGHT LEONARD

EACH British colony in North America, prior to Confederation, had the "say" about what customs duties should apply on goods entering its territories from the other colonies. The Canadas, for instance, imposed tariffs on goods from New Brunswick and vice versa. But the British North America Act, 1867, changed all that. In fact, it was designed to do so. These intercolonial tariff barriers were abolished by giving the Federal Parliament exclusive legislative authority over indirect taxation including customs tariffs. The Act undoubtedly intended that this country should be one vast free trade area, so that those parts of Canada, then dependent mainly on primary industry as a means of livelihood, would exchange freely their raw materials for the fabricated goods of other localities, which were primarily manufacturing areas.

Were the Fathers of Confederation to look down on this country to-day, however, they would be appalled at the sectional obstacles, tantamount to tariffs, which are hampering Canadian commerce from freely flowing across provincial boundary lines. They would be dismayed at the spectacle of "protectionism" turned inward. Autonomous provincial governments were established, it is true, but these authorities were created with "such powers as may be required for local purposes." It was never intended that they should increase their functions and powers to a point where they have now become almost sovereign entities with tariffs between many of them in all but name.

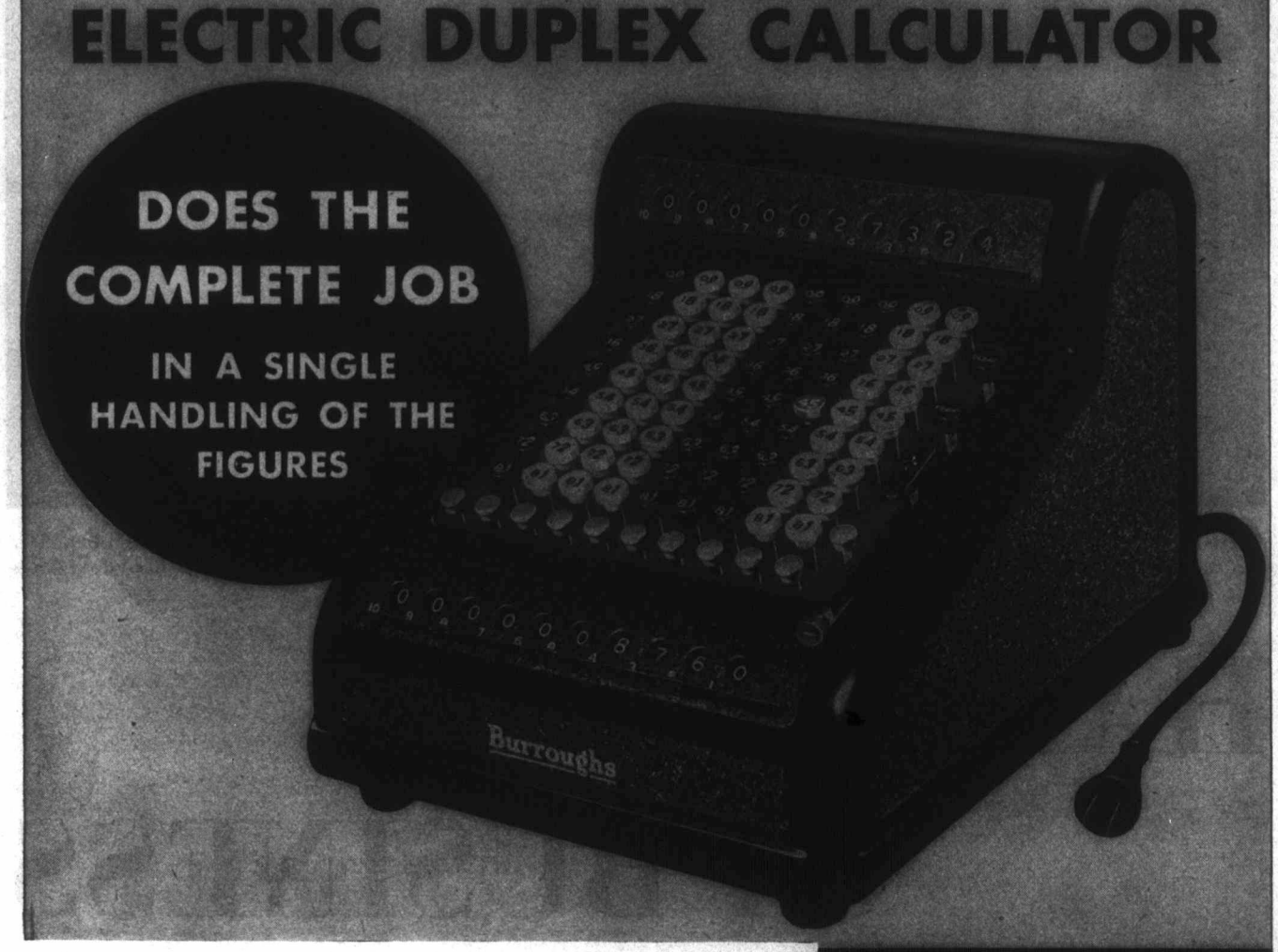
In 1879 Sir John A. McDonald introduced his "national policy" as a tariff protection and stimulation for home industry. This policy has generally persisted to a greater or lesser degree in the sixty subsequent years. The philosophy of self-sufficiency, moreover, which has spread around the world in recent years, has greatly increased the use of protective tariffs, if only for bargaining power in the negotiation of trade agreements. But such a protectionist policy cannot be similarly justified between political boundaries within one country.

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or the Net Result
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124918

Ottawa,
June 20, 1940.

G. Harold Aikins, K. C.,
Aikins, Loftus, Etc.,
Somerset Bldg.,
Winnipeg, Man.

Dear Harold:

I have yours of 18th and have read same with enclosures carefully.

You may rest assured I am in thorough accord with you. I think it would be utterly absurd to apply the Profits Tax as it now stands to your Company. As between you and your competitors it is preposterously unfair. I do not know that I can do anything indivicually, but I will take the first opportunity in the House to call attention to the one-sidedness of the Tax as now interpreted, and will do so in such a way as is most likely to lead to a modification.

Will keep the matter very carefully in mind.

Yours sincerely.

AM/E.

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124919

Aikins, Loftus, Aikins, Williams & MacAulay
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SIR JAMES AIKINS, K.C., LL.D. (1879-1929)

EDWIN LOFTUS, K.C., LL.D. G.H. AIKINS, K.C. E.K. WILLIAMS, K.C. J.A. MacAULAY, K.C.
D.A. THOMPSON, G.E. TRITSCHLER, T.W.B. HINCH,
R.E. CURRAN, G.W. McPHERSON.

CABLE ADDRESS "AIKINS"

Somerset Building, Portage Ave.

Winnipeg, Canada.

June 18,1940.

Right Hon. Arthur Meighen, K.C.,
The Senate,
Ottawa.

Airmail

Dear Mr Meighen,

I have had several conversations with Fraser Elliott concerning the application of the Excess Profits Legislation to The Manitoba Sugar Company Limited. I also wrote a letter to Mr Ralston at Fraser Elliott's suggestion in order that the matter might be formally before him as Minister.

If they will allow our Company average established earnings of the Companies already operating on an equivalent capacity basis, we would have no objection to the incidence of 100% Excess Profits Tax. I know that you have expressed your interest in this Company and I would greatly appreciate if you would keep me advised as to what is likely to be done in this connection and what further representation should be made.

The London & Western has been duly named as Trustee in respect of the Bond Issue and will be used as Trustee in other connections, also possibly put in charge of the Company's Stock Register.

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PUBLIC ARCHIVES
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124920

Aikins, Loftus, Aikins, Williams & MacAulay June 18,1940.

Rt. Hon. Arthur Meighen, K.C.

The War has caused us some disappointments in payment of subscriptions, in particular, that of Flegenheimer, but I expect to have an additional $200,000 in hand by the end of this week.

I am enclosing copy of my letter to Mr Ralston and copy of the memorandum which John MacAulay had the last time he was East and was discussing this with Fraser.

I would think that at the present time the Government would be willing to give every possible encouragement to this new industry which is a small step towards making us more self-contained as to the sugar commodity. At the present time, we are exporting money from Canada to buy the cane or raw sugar from which nearly 90% of our domestic supply is manufactured, Surely this is not sound under existing conditions nor should we be so dependent on or use ocean transportation.

Yours truly,

G. H. Aikins

GHA/T
Encls.

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CANADA

124921

May 28,1940.

Hon. J. L. Ralston, K.C.,
Minister of Finance,
Ottawa.

Dear Mr Ralston,

As you are probably aware, a group of people in Manitoba, with the co-operation of the Manitoba Government, have organized a Company for the growing of sugar beets and manufacture of sugar. There are four other factories dealing with beet sugar in Canada but these are all affiliated with cane sugar refineries. I need not urge on you the importance of this development to agriculture in Manitoba and I understand that the Government views the development of our own sugar resources most favourably. The development has previously been strongly resisted by established sugar interests.

In connection with the taxation of this Company, I have already made representations to the Commissioner as to the unfair incidence of the present Excess Profits Tax Act in view of the fact of it being a new development and that it has not the advantage of establishing an earning power over four fiscal periods. The factory is one of a 1500 ton daily slicing capacity and I understand the other Companies in Canada based on this capacity have made very substantial earnings in the past years. These Companies on similar earnings would not, under existing legislation, pay an Excess Profit tax but this Company on a 5% basis would pay a prohibitive and almost destructive tax as it must in its initial years meet with bitter opposition and competition and in order to assure its existence must create substantial reserves. The Companies with which it must compete have already enormous reserves, as well as an established earning capacity.

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124922

Hon. J.L.Ralston,K.C.

Before proceeding with this development, after the outbreak of War, I made enquiries in Ottawa as to whether this was an industry which could be considered helpful to Canada's War effort or detrimental in that it might divert energies from more proper sources and I was repeatedly advised that it appeared to be in the best interests to proceed with this basic industry and increase our very limited Canadian production of sugar.

We have no desire whatever to make War profits but trust that some amendment will be permitted which will give this new industry at least a parity of treatment such as its well-established competitors enjoy. As you are aware, this Company has been particularly handicapped in that European machinery, which had been bought and very substantially paid for, was not delivered before the outbreak of War and when the matter was submitted to the Cabinet it expressed a desire that we should not continue and import this machinery, accordingly we had to obtain additional capital, which was difficult, therefore we think there should be some remedy which would alleviate unfairness and discrimination of the Act against this enterprise as against its effect on the established Companies.

It is possible that in considering this matter our situation has already been brought before you but it is of such importance to this Company that I am taking the liberty of specifically calling it to your attention.

Yours truly,

G.H.Aikins.

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124923

RE: THE MANITOBA SUGAR COMPANY LIMITED and
Excess Profits Tax Act.

I discussed this matter with Mr Bulloch, in the absence of Mr Elliott. He stated that no remedial rulings had been given to alleviate the unfairness and discrimination of this Act against new enterprises. I think it can be agreed that this industry is one which is beneficial in time of War and is an industry, in any event, the Dominion would encourage.

The profits of similar companies,on the basis of equivalent capitalization and output capacity,have been large and I understand in the neighbourhood of $400,000.00 or $500,000.00 per annum. These companies on a similar earning for this year would pay no tax under the Act. Unless relieved, this Company with that earning would pay a prohibitive and almost destructive tax. Permitting it to capitalize large amounts would give only partial relief and Mr Bulloch contends that there is no discretion permitting large arbitrary capitalization to help establish an infant industry.

Under Rate "B",where there is not an average annual income as determined, the Department is disposed to assume that all profits are "excess". This company should at least have parity of treatment as a new industry without the large reserves which its competitors have. It is the only independent, the competitors are all grouped as a combine. Amendments should allow it to postulate earnings on the basis of proven experience of other companies. Even this is a little discriminatory to this

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company as the other Canadian companies are able to relieve the burden of their beet sugar operations by passing on part of the overhead to the cane sugar operations.

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R.E. CURRAN, G.W. McPHERSON.

CABLE ADDRESS "AIKINS"
Somerset Building, Portage Ave.
Winnipeg, Canada.

July 4,1940.

30-A

Rt. Hon. Arthur Meighen, K.C.,
C/o Canadian General Securities Ltd.,
Canada Permanent Building,
Toronto.

Dear Mr Meighen,

I enclose copy of letter which I have received from Fraser Elliott. This gives very little information but no doubt when the bill is ready it will be possible to see how far the situation is being dealt with.

Yours truly,

GHA/T
Encl.

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124926

Office of the
Commissioner of Income Tax,
Ottawa.

2nd July, 1940.

G.H.Aikins,Esq.,K.C.,
Messrs Aikins,Loftus,Aikins,Williams & MacAulay,
Barristers,Etc.
Somerset Building,
Winnipeg, Man.

Dear Harold,

Manitoba Sugar Company,Ltd.,
Excess Profits Tax.

Your letter of the 18th ultimo, together with previous representations, has had consideration and it is believed that the Bill which will soon be introduced in the House meets the problem.

Yours faithfully,

C.F.Elliott,

Commissioner of Income Tax.

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CANADA

124927

30-A

Ottawa,
July 17, 1940.

Col. G. Harold Aikins, K. C.,
Aikins, Loftus, Etc.,
Winnipeg, Man.

Dear Harold:

Referring to yours of 15th, I learned that the provision of the Excess Profits Tax Bill in which your Company will be most interested is to the effect that the Board--that is, the Board of Referees--may be established on the application of the Minister if he is satisfied that

> "the profits of the standard period were so low that it would not be just to ascertain the standard profits of the taxpayer by reference to such profits because either the business is of a class which during the standard period was depressed or because the business of the taxpayer was for some reason peculiar to itself abnormally depressed during the standard period when compared with other businesses of the same class."

I am further advised that "standard profits" means "the average yearly profits derived by a taxpayer in the standard period from the carrying on of the same general class of business as the business producing the profits in the year of taxation" or the standard profits as determined in accordance with the provision quoted above.

The Bill has not yet, so far as I know, been introduced.

Yours very truly,

AM/E.

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124928

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R.E. CURRAN, G.W. McPHERSON.

CABLE ADDRESS "AIKINS"

Somerset Building, Portage Ave.

Winnipeg, Canada.

July 15, 1940.

The Right Hon. Arthur Meighen, K.C.,
C/o Canadian General Securities Ltd.,
320 Bay Street,
Toronto.

Ottawa

Dear Mr Meighen,

I would be glad if you could give me any further up-to-date information on the situation concerning Excess Profits Taxation affecting The Manitoba Sugar Company Limited.

Best regards

Yours truly,

G. H. Aikins

GHA/T

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CANADA

124929

30-A

Ottawa,
July 23, 1940.

Col. G. Harold Aikins, K. C.,
Aikins, Loftus, Etc.,
Somerset Bldg.,
Winnipeg, Man.

Dear Harold:

I am enclosing copy of Bill 104, The Excess Profits Tax Act 1940.

This Bill has not yet reached our House, but will probably reach it in precisely the form it is in, or very close thereto. You will note particularly Section 5, Subsection (b). The whole Act will likely interest you much.

Yours very truly.

AM/E.
Encl.

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CANADA

30-A

124930

OTTAWA,
August 5th,
1940.

Colonel G.Harold Aikins, Esq., K. C.,
Somerset Building,
Portage Avenue,
WINNIPEG, Manitoba.

Dear Harold:

Referring to yours of the 26th July, I took up the case of the Sugar Company most clearly and specifically in the Committee of Banking and Commerce in the Senate, and got the most definite assurance from Fraser Elliott, before the Committee, that your Company would come plainly under, not only one, but two provisions of the Act entitling it to be dealt with by the Board of Referees.

Yours truly,

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12493

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R.E. CURRAN, G.W. McPHERSON.

CABLE ADDRESS "AIKINS"

Somerset Building, Portage Ave.

Winnipeg, Canada.

July 26, 1940.

Ottawa
Arms Desk

Right Hon. Arthur Meighen, K.C., LL.D.,
C/o Canadian General Securities Ltd.,
320 Bay Street,
Toronto.

Dear Mr Meighen,

I have your letter of the 23rd with the enclosed copy of Bill. I have somewhat hurriedly perused it and it seems to have made an approach towards dealing fairly with some of the problems which were not well dealt with in the previous Act. As you suggest, section 5 (b) is helpful. From a hurried reading, I am not sure how this section 5 (b) would be interpreted. The first part of it entitles the taxpayer to a reference on the ground that he was not carrying on business during such period, the second part refers to low standard profits because the business of the taxpayer was not in operation prior to 1938. It occurs to me that there might be some legal quibble over the distinction between not carrying on business and not being in operation. I would not like to see an interpretation restricting the first part to Companies that existed or were in operation but were not carrying on business. In the case of The Manitoba Sugar Company Limited we were both not in operation and were not carrying on business if there is a distinction in the terms. Thanks.

Yours truly,

GHA/T

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#13

COPY

124932

320 Bay Street, Toronto,
December 10, 1940.

The Editor,
The Toronto Daily Star,
Toronto, Ont.

Dear Sir:

In your leading editorial of today you present, by means of skilfully extracted quotations from a few remarks I made in the Senate on 6th instant, an entirely wrong impression of the object I had in mind and of the effect of my argument. No one who reads your editorial could conclude otherwise than that I was pleading for a lower general level of business taxation. I was pleading for no such thing. My objective was a fair system of taxation--that and that alone. This objective was made abundantly plain and would have been plain to your readers if you had seen fit to quote from other portions of my remarks. The following would have been particularly pertinent:

> "The right method is to tax profits on the same basis and according to the same law and principle as you tax income. That is to say, as the rate of profit increases, increase the incidence of the tax. That is what was done under the old profits tax. If a firm earns 5 per cent, make it pay a certain percentage; if it earns 10 per cent make it pay more; if it earns 20 per cent make it pay still more, the percentage growing with the rate of profit. I do not think any other way is fair. In that way we shall get the money. You must have both prerequisites: one, effectiveness, the other, fairness."

Under the old profits tax referred to above, which was put in effect during the last war, the incidence ran exceedingly heavy where profits were large, but the principle then applied, as defined in the above quotation, was universal over all Companies and produced very large returns.

The present Excess Profits Tax, on the contrary, is very kindly disposed to those industries and those companies which before the war had been exceptionally fortunate and had shown steady and gratifying earnings, as contrasted with companies which in those years had been struggling against adversity and had shown little earnings, and, in very many cases, losses.

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124933

If the level of earnings before the war is maintained, or very little more than maintained, that fortunate class of companies escapes with only 50%, or, with Provincial Taxes added, 55%. Those less fortunate through these pre-war years have to pay up to 86%, and, I believe, in certain districts, higher. You might explain to your readers the best justification which the Star can advance for this discrimination. It appears to me indefensible. Higher earnings in the present time may and may not be due in part to the war. In a very large range of businesses the war has nothing to do with the improvement. The improvement is due to stringent economies imposed by adversity, and by the very creditable practice of building for the future.

You seek to have your readers believe that there is something unworthy in the incentive of profits, and that the removal of this incentive will in no wise detract from effort and enterprise except in the case of unworthy citizens. In the economy of a free people, profits always have been and must be the main objective of business and industrial operations. It is definitely in the public interest that this objective remain. The measure of profits must be subtracted from, and heavily subtracted from, for purposes of the State, but a wise management of the State leaves the incentive and thus best serves the Nation. The method of preserving this incentive, which you are defending, leaves vastly more than can be spared in the way of profits to those who because of past success need them least, and leaves almost nothing to those who because of past difficulties need them most.

Yours truly,

AM/E.

(Signed) Arthur Meighen.

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PUBLIC ARCHIVES
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CANADA

124934

COPY

320 Bay Street, Toronto,
December 10, 1940.

The Editor,
The Toronto Daily Star,
Toronto, Ont.

Dear Sir:

In your leading editorial of today you present, by means of skilfully extracted quotations from a few remarks I made in the Senate on 6th instant, an entirely wrong impression of the object I had in mind and of the effect of my argument. No one who reads your editorial could conclude otherwise than that I was pleading for a lower general level of business taxation. I was pleading for no such thing. My objective was a fair system of taxation—that and that alone. This objective was made abundantly plain and would have been plain to your readers if you had seen fit to quote from other portions of my remarks. The following would have been particularly pertinent:

> "The right method is to tax profits on the same basis and according to the same law and principle as you tax income. That is to say, as the rate of profit increases, increase the incidence of the tax. That is what was done under the old profits tax. If a firm earns 5 per cent, make it pay a certain percentage; if it earns 10 per cent make it pay more; if it earns 20 per cent make it pay still more, the percentage growing with the rate of profit. I do not think any other way is fair. In that way we shall get the money. You must have both prerequisites: one, effectiveness, the other, fairness."

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PUBLIC ARCHIVES
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You seek to have your readers believe that there is something unworthy in the incentive of profits, and that the removal of this incentive will in no wise detract from effort and enterprise except in the case of unworthy citizens. In the economy of a free people, profits always have been and must be the main objective of business and industrial operations. It is definitely in the public interest that this objective remain. The measure of profits must be subtracted from, and heavily subtracted from, for purposes of the State, but a wise management of the State leaves the incentive and thus best serves the Nation. The method of preserving this incentive, which you are defending, leaves vastly more than can be spared in the way of profits to those who because of past success need them least, and leaves almost nothing to those who because of past difficulties need them most.

Yours truly,

AM/E.

(Signed) Arthur Meighen.

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124936

THE TORONTO DAILY STAR

December 12, 1940.

Editorial Note in reply to Mr. Meighen's
letter of Dec. 10/40.

.....

NOTE: The Star did not "seek to have its readers believe that there is something unworthy in the incentive of profits." What the Star did say was that there would be something unworthy in "business men by the dozen" telling Mr. Meighen they would rest on their oars sooner than do their best when their excess profits are being taken by the government for the war. One cannot imagine Mr. Meighen himself resting on his oars under the same circumstances. If it can be shown that by a system of graded profits tax as much or more money will be provided for the war and more justly, we are for it. But we do not like the idea that any business men would rest on their oars if, as under the present law, their profits were to be taken for the winning of the war.- Editor.

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THE TORONTO DAILY STAR

December 12, 1940.

Editorial Note in reply to Mr. Meighen's
letter of Dec. 10/40.

****

NOTE: The Star did not "seek to have its readers believe that there is something unworthy in the incentive of profits." What the Star did say was that there would be something unworthy in "business men by the dozen" telling Mr. Meighen they would rest on their oars sooner than do their best when their excess profits are being taken by the government for the war. One cannot imagine Mr. Meighen himself resting on his oars under the same circumstances. If it can be shown that by a system of graded profits tax as much or more money will be provided for the war and more justly, we are for it. But we do not like the idea that any business men would rest on their oars if, as under the present law, their profits were to be taken for the winning of the war.- Editor.

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L POST

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Gasoline To Be R
Unless Transport Ra

Earnings Down For Electrolux

From Our Own Correspondent

MONTREAL.—Electrolux Corp. has advised the Montreal Stock Exchange net profit for the three months ended March 31 totalled $432,916, after providing income tax at the 1940 rate and setting up reserve of $37,200 for probable increase in Dominion income tax for the period. This was equivalent to 35 cents a share on the common stock, compared with $521,424, or 42 cents a share for the corresponding period of 1940.

More Power At Niagara From Deal

Maximum use for power purposes of the international water flow at Niagara Falls, within the limits of present generating equipment on both sides of the river, is assured by new arrangements for additional immediate water diversions.

In Parliament, Prime Minister Mackenzie King announced an agreement reached through an exchange of notes with Washington permits extra diversions for power development "to meet urgent war needs."

The Prime Minister did not give any details, but The Financial Post is reliably informed that the deal provides for use of an additional 5,000 cubic feet per second on the American side of the river, by the Niagara Hudson Power Corp.; and 3,000 c.f.s. more on the Canadian side, by the Ontario Hydro-Electric Power Commission.

Give 35,000 H.P.

The extra Canadian flow will be utilized entirely by the "Toronto Power" plant at Niagara Falls, one of the three operated by the Hydro Commission in the Niagara district, and will yield the equivalent of 35,000 h.p. additional when adjusted to the general load factor of the main Hydro system.

The Hydro Commission since last November has been using an additional 5,000 c.f.s. through the "Toronto Power" and "Ontario Power" plants at Niagara. This was allotted under the deal permitting the Hydro to take out at Niagara the flow put into the Great Lakes system through the Long Lac and Ogoki diversions into Lake Superior.

Officially, the new diversions are apart from, and potentially additional to, the increased power flows provided under the St. Lawrence

(Continued on page 2, col. 3)

Inroads of Battle of Atla
Supply Facilities May
Automobiles

Gasoline will be rationed in Canada and the United States if the race to extend transport of supplies in this hemisphere fails to win over the inroads of Atlantic ship sinkings.

Use of cars for pleasure driving and home-to-office transportation would be sharply curtailed if not suspended, under tentative plans already drafted. Authorities deem rationing of gasoline for essential purposes only to be inevitable, if ship casualties in the Battle of the Atlantic cannot be kept down or reduced in the next half year or so.

A definite possibility is restriction of driving to an hour in the morning and an hour in the evening except by special permit. This would allow some leeway for driving to and from work, but would curb joy-driving in the evening and limit driving during the day to essential business operation.

Lack of Tankers

As reported in The Financial Post last week, shortages may arise if many more tankers plying American coastal waters have to be shifted to the transatlantic route, before construction of pipe lines and tankers can catch up with requirements. Plans for the pipe line between Portland, Maine, and Montreal are being rushed, as are other lines between oil fields and seaboard in the United States.

If rationing becomes a fact, it will be aimed at non-essential gasoline and oil consumption, with pleasure driving the first to suffer. Oil Controller George R. Cottrelle has completed a survey of gasoline consumption in Canada, which will be the

Ottawa Lose
If Pools Not

From Our Own

OTTAWA. — The Department of Justice is expected to issue, almost immediately, a ruling whether or not the Western wheat pools and similar organizations are liable for income tax. One of the following situations is likely to result from the decision:

1. Either such organizations are to be ruled as no longer true co-operatives and therefore automatically liable to income tax, or
2. The Income Tax Act may be revised to tax those so-called "co-operatives," which are not really such, or
3. All co-operatives may be made taxable as in England.

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Ottawa Loses Millions If Pools Not Taxed

(Continued from page 1)

own members and handled all the grains marketed by each member.

Ten years ago, however, the pooling idea was completely abandoned. Grain was bought from any grower and as much or as little as that grower decided to sell. It was stored in elevators built by the pools and sold in exactly the same way as grain handled by the regular trade. Pools acquired seats on the Winnipeg Grain Exchange to handle their business. They took out public elevator licenses and went after everybody's business.

Pool's Capital

Only part of the capital necessary to handle this new, expanded business and to provide the huge string of country and terminal elevators necessary was provided by the original pool members. The latter contributed a levy on each bushel of wheat handled. But the amount so collected was insufficient to provide all capital necessary. In the case of the largest pool, the Saskatchewan Wheat Producers Ltd., assets are listed as follows.

Sask Wheat Pool Assets

	$
1,086 country elevators	14,929,877
4 terminal elevators	10,097,692
359 agents cottages	565,967
Temporary bins	340,458
Work under construction	393,894
Head office bldg. and site	217,208
Modern Press and Western Producer	106,971
Office equipment & autos	411,999
Land and sites	364,725
Total	27,428,792

A recent official release from the Saskatchewan organization explains how these assets have been acquired. It states:

"Of this huge sum less than half was contributed by the members in cash. Elevator deductions taken during the years 1924 to 1928 inclusive amounted to $12,188,060. The balance largely came from earnings set aside as depreciation reserve, which is kept working by being reinvested in the elevator facilities."

Elsewhere in the release it is stated that "These facilities are owned by the shareholders and controlled by them through their elected delegates and boards of directors." Presumably these shareholders are the original pool members and do not necessarily include any farmer who may have sold grain to the organization since pooling was abandoned.

Liquid working capital of the Saskatchewan wheat pool is officially reported at $6,733,437 and made up as follows:

	$
A.—Commercial reserve	2,765,113
B.—Operating reserve	2,829,431
C.—Insurance reserve	100,000
D.—Undistributed int., 1928-29	281,111
E.—Undivided profits	257,783
F.—Excess earnings, 1939-40 (not distributed)	500,000
Total	6,733,438

Regarding the possibility of dividends the official release has this to say:

"The last three items D. E. and F. will be distributed to the shareholders as soon as the opportunity arrives, in the form decided upon by the delegates in general meeting."

It will be noted that the pool no longer talks of its members but speaks of them as "shareholders." Western observers see no difference between these shareholders and those of, say, United Grain Growers, whose profits are taxable.

The competing private grain trade contends that these profits should be taxed on the same basis as their profits are taxed. Under the recently increased income tax, it is asserted, the pools are enjoying a 40% preference and with this virtually threaten the very existence of tax-paying competitors. In representations to Ottawa the following points have been stressed:

1. Financial structure of pools almost identical with ordinary companies and repeated reference is made in annual statements to "shareholders" and "profits."
2. Pools now operate under public license and do business with any farmer, no longer confining services exclusively to own members.
3. Pools charge same storage and handling rates as ordinary trade.
4. Pools at public meetings have professed to offer full assistance to country's war effort yet contribute no income tax.
5. Pools no longer distribute any surplus revenue back to grower shippers as would be the case with genuine co-operatives, but are holding this for distribution among shareholders, presumably the original group of farmers who developed the pools.
6. Similar tax exempted organizations have already spread into other lines of business, dairy products, oil, implements, etc., and threaten further spread as result of 40% (tax) preference, thus threatening companies operating in these lines and the Government tax revenue provided by these companies.

Ottawa Has Missed These Taxes

The following is an estimate of income and excess profits taxes that would have been paid by the western grain pools had they been treated as ordinary joint stock companies:

Year ending July 31	Manitoba	Saskatchewan	Alberta
1930	*	$145,203	$ 1,440
1931	*	197,712	45,371
1932	*	46,990	46,967
1933	$ 8,370	101,754	22,382
1934	16,958	47,001	10,534
1935	5,970	25,664	nil
1936	6,149	22,827	46,427
1937	2,601	nil	nil
1938	64,565	nil	nil
1939	58,704	5,866	76,209
1940—Income tax	73,174	271,756	127,986
†Excess profits tax	117,762	200,377	116,103
Total	$354,253	$1,065,150	$493,419

Grand total — $1,912,822

*Not available.

†Excess profits tax for year ended July 31, 1940, figured on basis of allowing 10% return on capital employed. If basis of standard profits was taken, excess profits tax would be substantially higher.

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s Millions Taxed

Correspondent

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was, still embraces thousands of western farmers.

On the other hand, a revision of the income tax act to eliminate the exemption on co-operatives might also generate wide opposition because such organizations are operating all over Canada and include in addition to agricultural produce, consumer products, fish, fruit, insurance and a score of other products and services.

Against this actual and potential opposition, of course, is the necessity for the Government obtaining all possible revenue, and the pressure from ordinary joint stock companies which maintain that the grain and other pools now are in no way distinguishable from any other competing business and yet enjoy a 40% tax preference. If such a condition continues, they argue ordinary companies will be forced either to go out of business or reorganize on a so-called "co-operative" basis. In both cases the Government would lose important tax revenue.

Basis of Exemption

The exemption of co-operatives was based on the fact that, theoretically, real co-operatives have no profits. Members subscribe sufficient capital or post bonds to create the credit to provide working capital and equipment. All profits beyond necessary overhead are turned back to members in exact proportion to the volume of business created by those members. Originally western wheat pools operated under such a plan, did business only with their

(Continued on page 2, col. 2)

If the first decision is made then presumably taxes would not only be collectible on last year's profits, estimated in the case of the three main provincial wheat pools to be around a million dollars, but also taxes and penalties on all previous years profits back to 1930 when the original pooling scheme was abandoned. At that time the pools became for all practical purposes simply ordinary joint stock companies, doing business in exactly the same way as the ordinary privately owned grain company.

Strong Opposition

Such a decision, of course, would reflect on the efficiency of the income tax branch which would be put in the position of not having collected income taxes due over the past 10 years. Undoubtedly, too, there would be political repercussions since pool membership, though not nearly so large as it once

Still Tighter Controls On Prices Expected

By STAFF WRITER

KINGSTON.—Still tighter wartime controls over prices and essential supplies to offset new factors working to press prices upward and pinch of previous supply sources, are foreseen by Dr. W. A. Mackintosh, wartime economic adviser to the Government.

The spreading scope and increasing pace of the United States defense programme will inevitably aggravate both the price control and war supply problem in Canada, Dr. Mackintosh told the annual meeting of the Canadian Political Science Association.

Hitherto, he pointed out, U. S. influences had tended to ease rather than accentuate Canadian need for price control. And relying on the U. S. to meet shortages of materials and equipment had been, with certain exceptions, a problem of exchange and fiscal policy rather than one of supply.

From now on, he thought, the U. S. would rapidly cease to be the "bottomless reservoir" to fill Canadian supply deficiencies. At the same time, any upward price trend in the U. S. as full employment blooms from the defense programme, will greatly increase Canadian problems by "interdependence and contagion." Further upward pressure on the Canadian price structure may also result from limitation of supplies from the United Kingdom and other countries, and further employment and scarcity of materials within Canada.

More Positive Action"

"More positive and formal action" would be required, Dr. Mackintosh said, to deal with the interrelated problems of price and supply in the period of "quite different conditions," which he foresaw as "highly probable if not certain" in the immediate future. Dr. Mackintosh, who is special assistant to the Deputy Minister of Finance and assistant to the chairman of the Economic Advisory Committee, forecast that:

"Encroachments on civilian supply to the extent of enforcing economies but not deprivation, will undoubtedly be more continuous and less spasmodic.

"The application of priorities will necessarily be extended and will affect civilian supply in some lines. Difficult problems of the integration of priority systems with those of the United States will have to be faced. The integration is essential unless the two

(Continued on page 4, col. 1)

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LONDON, ENG.

March 4, 1941.

Miss Mildred Edmondson,
c/o The Rt. Hon. Arthur Meighen, K.C., P.C.,
The Senate,
Ottawa, Canada.

Dear Mid:

Received your letter this morning and am enclosing the clipping you requested and also a copy of Mr. Meighen's letter to the Toronto Daily Star re "Excess Profits Tax".

We have had dreadful weather here so far this week. Yesterday it rained without once stopping and today it is very cold and the streets are very icy. Hope you are faring better in Ottawa.

Yours very truly,

Margaret Armstrong.

/MHA.

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To - Right Honourable Arthur Meighen, K.C.

A Suggested Alternative for Present

Corporation, Income and Excess Profits Taxes

Dear Sir:

An editorial in the Globe & Mail of March 3rd under the heading "Light Needed on War Taxes" is very much to the point. The economic life of the country from the financial standpoint has been almost completely stagnated owing to the confusion of the most recent taxation laws and the inability of any individual to fully interpret their effect. The result has been almost complete neglect of financial markets, and people have seen their investments in stocks steadily dwindle in value, in some cases to a point of almost vanishing values and unsaleability. The effect of this is to produce a breakdown of morale (financial) so that today there is a feeling of gloom and pessimism throughout the whole country and in the mind of every investor. The Government has held out a faint hope that consideration will be given through a committee which it has appointed to investigate industries whose standards of profit are low, due to the years on which the average is based having been depressed years in their experience. The relief they can offer, however, is trivial and in the opinion of many people the present Act is economically unsound, will produce an unprecedented number of failures and will, if continued, produce bad management and extravagance in industry and apathy among investors, past, present and future, which can only result in the defeat of the Government's purpose of raising large sums of money to prosecute the war and to conduct the government of the country, as well as, in its final stages, a crystallization into one of the various forms of economic panaceas definitely opposed to capitalism.

The margin of reward offered to the entrepreneur today is so restricted, due to taxation in the first instance and succession duties in the second, that new enterprise is almost impossible to start. The result is that in practically every war undertaking private capital has said "no" and the Government has had to finance capital expenditures running into hundreds of millions of dollars, with "bottlenecks" stifling production in almost all departments. From the standpoint of taxation, if a company is making more than average profits the management can well say "What's the use of further economies, 75% or more of the saving must go to the Government"; "What's the use of further expansion to extend our business, 75% or more of the gain must go to the Government". The young man, anxious to start his own business, is unable to raise capital and therefore gets the opinion that society is all wrong. The man who has borrowed capital for company purposes under the present scheme has no way, in spite of how successful he may be, of repaying the capital.

Regardless of party politics, it is the duty of the Government to protect its citizens against the consequences which are sure to follow the present Act and even though one's sympathies may not be with the party in power, it is the duty of all, including the Opposition as well as the Government, to help straighten out these matters.

No doubt the Government's permanent officials are studying all angles of taxation and they are also aware of many factors affecting the incidence of taxation which are not obvious to those outside that circle, but it would appear that anyone with the most elementary training in economics or with practical experience in business must see the results of the present confusion and lack of definite statements that the Act will be amended.

Our Government has had many advantages. They have had an era of cheap money which is still continuing, they have been relieved of railway deficits, and they are now relieved of any responsibility for unemployment relief. They have also had the wholehearted support of a nation united as never before to prosecute

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this war. Assuming Mr. Ilsley is correct in saying that half the national income or more will be required to prosecute the war, then surely the very magnitude of the task, and the grave responsibility of winning the war, should inspire the leaders to foster a spirit of confidence, cooperation and determination, rather than to frighten and threaten the people with the appalling nature of the sacrifices they must bear.

One of the major defects of the present Act is that the very life of business itself is threatened. The income of all people within the country, excluding none, is either directly or indirectly dependent upon the success of industry. Even the farmer's dairy products must be distributed among the factory employees to ensure a return to the farmer, and so on through the scale. If industry is threatened, then the income of every individual in this country is threatened and the Act should be such that industry is encouraged, revitalized, enthused, and above all efficiently and aggressively operated.

There is also another extremely serious effect - namely the unfairness of the Act in the way that it affects different companies under their varying capital structures. In some cases a company doing approximately the same volume of business as another in the same industry is liable for twice the amount of tax. This produces a feeling of annoyance and lack of cooperation as well as a dulling of keenness in business. A flat tax will not correct these inequities.

The avenues of research of the incidence of taxation are not open to all, but equivalent results are available through the opinions of individuals in different walks of life. The following alternative plan of taxation is therefore being sent to you with the hope that you will submit to the undersigned any comments you may care to make, with the objective in mind that, either in its present form or some modification of it, some plan may be devised to overcome many of the defects so obvious under the present system, and to be of real assistance to the Government.

The suggested plan is as follows:

1. All income tax and excess profits taxes levied against incorporated companies be abolished.

2. That the rates for personal income tax levies be amended to the point necessary to provide the revenue required. Provision should be made for a basic tax on unearned income as contrasted to earned income. This basic tax on unearned income might be thirty per cent without affecting holders of the shares concerned since all companies are now subject to at least thirty per cent taxes, but might be higher if the average to be paid by all companies will be higher under the present Act. It would not need to be as high as the average, however, since this policy would no doubt lead to increased dividend distributions.

3. That incorporated companies pay a tax on the amount of profits not distributed in dividends in any year. This tax, it is suggested, should not be more than 20% so that these companies which are in weakened financial positions should be enabled to build up their capital to such an extent that they will not be victims of a depression as soon as it starts. The natural effect of this will be that all companies that can afford it will distribute all their income and this will greatly expand the turnover of business generally, and result in increased collections of sales taxes, in addition to a much larger income tax to be collected from such increased dividend distributions.

4. All companies with working capital deficits or with surplus deficits would be exempted from taxation other than the minimum of, say, 10%,

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until the deficit has been corrected, the reason for this being as in the preceding paragraph. In this connection, protective legislation would be required to safeguard against deliberate weakening of the capital or surplus position by unscrupulous companies trying to evade their responsibilities.

5. Any company paying a dividend would deduct from the distribution a flat 30% so that in a dividend distribution of $100,000 the company would automatically pay to the Government, on the dividend date, $30,000. The shareholder entitled to receive $10.00 would receive $7.00 and $3.00 would be credited to him by the income tax department as paid on account of income tax for the year. (There would be a number of people who have no source of income other than investments, which would not bring them into the 30% classification of present income tax. Those people, of course, would have the right to a rebate from the Government to the extent necessary to bring them within the scale of taxation under which they are taxed.) This would result in regular collections by the Government from the dividend-paying companies instead of waiting for the individual's payments accompanying his return once a year.

6. Private holding companies (assuming capital is intact) would be compelled to pay out all of their income.

7. Dividend disbursements by subsidiary companies of foreign ownership would be subject to the basic tax on unearned income(tax suggested at 30% in Clause #2 above).

8. Mechanics for dealing with banks, finance companies, insurance companies, trust companies and financial institutions of all kinds, including stockbrokers and investment dealers, could easily be worked out covering this system of taxation.

The result would be an immediate clarification of the taxation position so that investors generally could take an intelligent interest in security markets, and the harm done by the present Act would quickly be removed through revitalized markets and efficiently operated industry, creating a greater spirit of confidence and security and reviving the spirit of individual effort. With buoyant markets and a feeling of security and confidence, the will to lend, either for war savings or war loans, will be enhanced and the basis of income for all our people will be safeguarded by making our taxation basis fundamentally sound and in accordance with economic laws.

It cannot be denied, and it is therefore again being emphasized, that the incidence of taxation is a most complicated subject. This plan, however, is not as drastic as it may seem on first reading. It is simplicity itself compared to the present complicated procedure. It has the merit of fairness, steady and substantial revenue, encourages initiative, will intensify effort and foster efficiency. It may have some weaknesses and omissions. In consequence, your comments on this proposal will be more than welcome.

Yours very truly,

T. R. HARRISON.

Toronto, Ontario. March 12th, 1941.

Address replies to -

T. R. Harrison, Esq.,
Care of,
Harrison & Company Limited,
66 King Street West,
Toronto 2, Ontario.

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Ottawa,
April 1, 1941.

#13

Mr. T. M. Carlyle,
President,
United Dairies Limited,
Calgary, Alta.

Dear Mr. Carlyle:

I just received your letter of 29th March with enclosures. I have no difficulty whatever in coming to a conclusion that your point is well taken and that there should be taxation of all competing enterprises of this kind. Indeed, I have somewhat altered my views as to matters of taxation and would now strongly favour the submission of such an enterprise as the Ontario Hydro to taxation. Under free institutions there should be no favouritism shown so far as taxes purely for revenue are concerned, and from this on we will need so much for revenue that other considerations can be left pretty much out of account.

I will try to see your Mr. Winspear, but may not be able to give him very much time as I am quite pressed while in Ottawa.

Will take opportunity to speak on this subject at the earliest convenient occasion.

Yours very truly,

AM/E.

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United Dairies Limited

OWNING & OPERATING
UNION MILK CO. LTD. CRYSTAL DAIRY LTD.
AND
CENTRAL CREAMERIES LTD.

T. M. CARLYLE
PRESIDENT

CALGARY.

Air Mail March 29, 1941

The Rt. Hon. Arthur Meighen, K.C.
Senate Chambers
Ottawa, Canada

Dear Mr. Meighen:

The present Income Tax Act as it now works out places the independent dairies at a distinct disadvantage as compared to our competitors who are operating in a co-operative set-up. This is especially true in the last year when the inventory price of butter rose sharply and gave these concerns hugh profits, which they can now pay out as bonuses to their farmers, whereas in private companies, such as my own, we are compelled to pay to the government a large percentage of our earnings in the form of Excess Profits Taxes, which places us in a disadvantageous position.

With these facts in mind, several independent creameries in Alberta have employed Mr. F. G. Winspear, C.A. of Edmonton, to prepare a Brief for presentation to the government, in which we ask that these co-operative concerns be taxed on the same basis as our own companies.

I do not know Mr. Hanson, the leader of the Opposition in the House of Commons, and if the government decides to show a little courage and tax these organizations I would not like to see Mr. Hanson and the Conservative Party oppose it, for two reasons -- First of all because the country needs the money; and Secondly, because we think we have the right to compete on a fair basis with all other business concerns. If you are talking to Mr. Hanson I would be pleased if you would present my views to him, and you can also let him examine the enclosed Brief if you deem it wise.

I have given Mr. Winspear a letter of introduction to you. He is leaving Edmonton tonight and will likely be in Ottawa in two or three days. I would be pleased if you would

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Rt. Hon. A. Meighen,K.C.

grant him a short interview, when you can get further information from him regarding this particular matter.

I am sending this Brief to you by Air Mail so you will have an opportunity of studying it before Mr. Winspear arrives.

Yours most truly,

UNITED DAIRIES LIMITED

T. M. Carlyle
President.

TMC.MEC
Encl.

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WITH RESPECT TO THE TAXING OF DAIRY POOLS

SUBMISSION ON BEHALF OF

A GROUP OF INDEPENDENT CREAMERY OPERATORS

WINSPEAR, HAMILTON & COMPANY
CHARTERED ACCOUNTANTS
205 C.P.R BUILDING
EDMONTON — ALBERTA

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I N D E X

SUBMISSION

1. Exemption of Cooperatives results in Substantial Losses of Tax Revenue.

2. The Burden of Discriminatory Regulations is Increasing.

3. Ultimate Recipients of Cooperative Incomes are not Effectively Taxed.

4. Income Tax Relief Originally Granted did not Apprehend Present Conditions.

5. The Financial Cost of Subsidization of Cooperatives is already Enormous.

6. Dairy Pools are in effect Private Profit-Making Enterprises.

SCHEDULE

1. Farmers' Co-operative Business Organizations in Canada for the years 1931 to 1938.

2. Co-operatives - Dairy Products for the years 1933 to 1939.

3. Classification of Dairy Factories according to Form of Organization - Butter and Cheese Factories - Canada for the years 1931 to 1938.

4. Classification of Dairy Factories according to Form of Organization - Butter and Cheese Factories - Alberta for the years 1931 to 1938.

5. Summary of Legislation affecting Cooperatives.

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Submission

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F. G. WINSPEAR, C.A.
R. W. HAMILTON, B.COM., C.A.
C. J. D. BAINES, C.A.

WINSPEAR, HAMILTON & COMPANY
CHARTERED ACCOUNTANTS
205 C.P.R. BUILDING — EDMONTON, ALTA.

March 20, 1941.

SUBMISSION ON BEHALF OF CERTAIN INDEPENDENT DAIRY OPERATORS

The independent dairy operators on whose behalf this submission is made are not motivated by any spirit of hostility to the cooperative movement. On the contrary, successful creameries are dependent on satisfied dairy farmers, and any movement which ultimately benefits the dairy farmer has, and will continue to receive, the support and encouragement of independent dairies.. It is submitted, however, that income and excess profits tax exemptions to certain so-called cooperatives, which are not in fact cooperatives but are really profit-making competitive enterprises, is discriminatory to that private field of endeavor represented by the operations of independent dairies.

Furthermore, as loyal Canadians, the independent dairies do not object to paying a substantial portion of their income to the government in income and excess profit taxes. On the contrary they cheerfully and gladly make this contribution to Canada's war effort. They do, however, object to a concept of taxation which not only relieves their competitors from taxation of this nature, but enables their competitors to utilize the tax exemption as an unfair weapon of competition. Taxation which is fairly and impartially levied

OUR REPORTS AND CERTIFICATES ARE ISSUED WITH THE UNDERSTANDING THAT, IF PUBLISHED, EITHER THEY MUST BE PRODUCED IN THEIR ENTIRETY, OR SHOULD IT BE DESIROUS TO PUBLISH ANY REFERENCES TO, OR EXTRACTS FROM THEM, THAT SUCH SHALL BE SUBMITTED FOR OUR APPROVAL.

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will be cheerfully paid. Taxation which discriminates and prejudices causes resentment.

Furthermore, the independent creameries agree with the finding of the Turgeon Commission on the Royal Grain Enquiry in 1938 which recommended the continuance of cooperation in competition with individual enterprise. However, it is submitted that present tax exemptions so discriminate against the independent operators, that under existing tax laws they may soon no longer be able to compete, and that if the present trend continues, dairy operations in Western Canada will be attended by, and consumers will be endangered by, all the evils of monopolistic control.

1. EXEMPTION OF COOPERATIVES RESULTS IN SUBSTANTIAL LOSSES OF TAX REVENUE.

Since 1931 farmers' cooperative business organizations in Canada have increased their capital and surplus reserves from $46,300,000.00 to $53,400,000.00, an increase of over $7,000,000. (Schedule "1") The increment of $7,000,000.00 is not the total tax exempt income of farmers' cooperatives during that period, for to that figure must be added the millions of dollars which have been paid to shareholders and members of cooperative organizations in the form of cash dividends. Just exactly what the total income subject to tax exemption has been is not subject to exact ascertainment, but it is submitted that a considerable portion of the national income of Canada is tax exempt by virtue of Section 4 (p) of the Income War Tax Act.

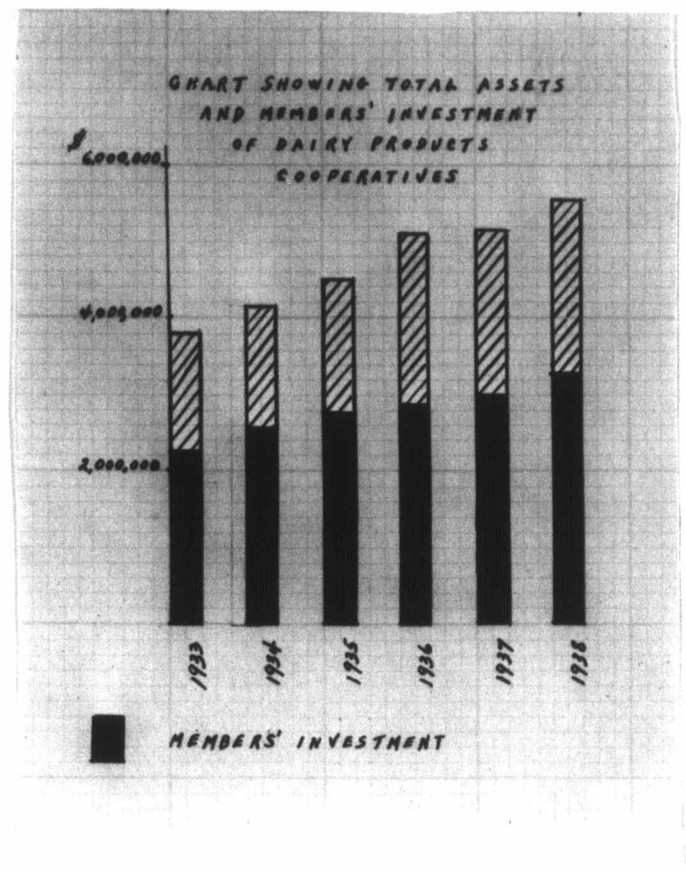
By reference to Schedule "2" it will be observed that a similar situation obtains in respect to those cooperatives purchasing dairy products. In seven years the surplus and reserves have

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increased approximately $1,000,000.00, from $2,300,000.00 in 1934 to $3,300,000.00 in 1939, and during that period the dairy product co-operatives have paid many hundreds of thousands of dollars in dividends to their members. This is illustrated by reference to the following chart which shows the increase in total assets, and the relative increase in members' equities of dairy product cooperatives from 1933 to 1938:



Possibly the best method of studying the extent to which this important source of national income is tax free, is to take as an example the Northern Alberta Dairy Pool. The following statement presents a summary of the earnings, dividends, and changes in the net worth of the Northern Alberta Dairy Pool from December 31, 1935, to December 31, 1940:

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Net Worth December 31, 1935		
Participation Certificates, Edmonton		$ 83,086.46
Surplus, Edmonton		45,251.55
		128,338.01
Deduct		
Deficit, Wetaskiwin Branch	$ 983.99	
Deficit, Thorsby Branch	1,510.28	2,494.27
Consolidated Net Worth December 31, 1935		125,843.74
Add		
Profits for 1936 to 1940	429,203.11	
Gain on Certificates Redeemed	294.91	
Revaluation of Horses and Equipment	2,500.00	431,998.02
		557,841.76
Deduct		
Goodwill - written off	7,593.75	
Subscription to Cowbell Publication	1,776.59	
Annual Meeting 1941 - Reserve for	800.00	
War Donation	500.00	
Memberships	2,026.08	
Field Work	8,884.81	
Withdrawals as Cash Dividends	280,230.67	301,811.90
Consolidated Net Worth December 31, 1940		$ 256,029.86

Made up of:

Deferred Certificates	$ 227,906.30
Surplus	28,123.56
	$ 256,029.86

It will be observed that this organization has not only increased its net worth over $130,000.00 in the five year period, but has also paid cash dividends to its members and patrons in the amount of $280,000.00.[1]

In June 1940 the Northern Alberta Dairy Pool announced that during the twelve years of its existence it had paid $468,437.00 to its 8,700 members.[2] If to that the cash dividends of 1940 in the

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[1] It is recognized that a certain portion of the profits of this co-operative is attributable to a lower basic price (as compared with independent creameries) of 1¢ per pound originally paid to its shippers. With the purchase price of butterfat averaging 21.5¢ in 1940, it would appear that this consideration would orginarily constitute about 5% of its purchases, and it is estimated would not exceed $90,000.00 for the five year period.

[2] Cowbell June 1940. Frontispiece.

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amount of $65,765.72 are added, it will be found that it has paid to members out of tax free profits the sum of $534,202.72, as well as "ploughing back" a net worth of $256,029.86.[1] It is interesting to consider what the situation in respect of this organization would have been, if like its competitors it had paid the normal rates for income and excess profits taxes. The following schedule shows that it would have been liable to a total tax of $127,001.82 during the five years from 1936 to 1940:

NORTHERN ALBERTA DAIRY POOL

SUMMARY OF PROFITS AND TAXES

	Net Profits	Tax Rate Prov.	Tax Rate Dom.	Provincial Income Tax	Dominion Income & Excess Profits Taxes	Total
1940	124,230.37	7%	18%	$8,696.12	$51,400.29	$60,096.41
1939	118,917.01	7%	15%	8,324.19	17,837.55	26,161.74
1938	75,451.92	7%	15%	5,281.64	11,317.78	16,599.42
1937	70,395.71	7%	15%	4,927.72	10,559.35	15,487.07
1936	43,285.96	5%	15%	2,164.30	6,492.88	8,657.18
	$432,280.97			$29,393.97	$97,607.85	$127,001.82

If this concern were making its proportionate contribution to Canada's war effort, it would be paying approximately $60,000.00 in income, excess profits and provincial income taxes out of $124,000.00 which it is making each year. The amount of $500.00 which was gratuitously contributed in 1940 indicates that the management appreciates that it has some responsibility in this connection.

The situation in respect to the other so-called"producers' cooperatives" in this province is somewhat similar. The Central

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[1] Annual Meeting Northern Alberta Dairy Pool, as reported in the Cowbell April 1938. "The address of the president expressed pleasure at again acting as an official in an organization -- which is now worth thousands of dollars, such expansion having started from no cash investment on the part of the owners."

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Alberta Dairy Pool for instance, reported that up to December 31, 1935 they had paid cash dividends of $192,670.60, and earned total profits over eleven years of $354,495.53. This is summarized as follows:[1]

CENTRAL ALBERTA DAIRY POOL LIMITED

ANALYSIS OF ELEVEN YEARS' OPERATIONS, MARCH 2, 1925 to December 31, 1935 Inclusive

Year	Butterfat	lbs.Butter Made	Cash Surplus Paid	Participation
1925	551,898	675,510	$18,108.98	$ 4,067.14
1926	814,071	1,002,321	16,281.42	7,382.67
1927	702,491	862,836	14,049.82	6,557.48
1928	648,734	790,387	12,994.68	6,102.38
1929	817,164	875,419	14,363.28	6,602.05
1930	835,721	1,013,176	7,798.06	7,798.06
1931	1,127,859	1,373,838	10,376.72	10,376.72
1932	1,066,667	1,295,962	14,496.54	9,664.36
1933	1,398,605	1,701,403	19,612.89	19,612.89
1934	1,815,008	2,210,029	16,660.21	16,660.21
1935	1,262,470	1,532,323	47,928.00	5,991.00
	11,040,688	13,333,204	$192,670.60	100,814.96
Less: 1925-26 and 1927 Participation Reserve Redeemed to Members				18,007.29
			Balance	$ 82,807.67

EXTRACTS FROM BALANCE SHEETS, SHOWING ELEVEN YEARS' RESULTS

Cash Surplus paid to Members		$ 192,670.60
Participation Equity Reserve		18,007.29
Participation Equity Reserve Certificates Outstanding		82,807.67
Total Surplus to Members in Eleven Years		293,485.56
Additional Reserves		
Depreciation Reserve	$ 39,271.45	
Plant Reserve from Non-members	18,494.86	
Members' Fees	3,243.66	61,009.97
Total Net Result for Eleven Years		$ 354,495.53

[1] Cowbell April and May 1936.

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MEMBERS' ASSETS TO OPERATE THE BUSINESS

From Participation Reserve	$ 82,807.67	
From Other Reserves	61,009.97	$143,817.64
Assets used as follows:		
Plant at Alix	83,117.95	
Farm Property	1,500.00	
Supplies of all kinds	3,833.13	
Cash as Working Capital	55,366.56	143,817.64

Further substantial profits since December 31, 1935, have been earned tax free. In 1936 the Central Alberta Dairy Pool earned a profit of $46,876.40, in 1937 and 1938 it sustained losses totalling $39,771.80, and in 1939 and 1940 earned profits of $44,178.18 and $57,049.42 respectively. Since the inception of the pool in 1935 it has made surplus earnings of $421,179.30, tax free.[1] The following schedule shows that this pool would have been liable to a total tax of $54,442.60 during the five years from 1936 to 1940, and in the future would an nually pay about $35,000.00, at existing rates and existing profits, if like its competitors it were liable for income and excess profits taxes.

CENTRAL ALBERTA DIARY POOL

SUMMARY OF PROFITS AND TAXES

	Net Profits	Tax Rate Prov.	Tax Rate Dom.	Provincial Income Tax	Dominion Income & Excess Profits Taxes	Total
1940	$57,049.42	7%	18%	$3,993.46	$31,354.66	$35,348.12
1939	44,178.18	7%	15%	3,092.47	6,626.73	9,719.20
1938	25,836.52	7%	15%	-	-	-
1937	13,935.28	7%	15%	-	-	-
1936	46,876.40	5%	15%	2,343.82	7,031.46	9,375.28
	$108,332.20			$9,429.75	$45,012.85	$54,442.60

[1] Advertisement in Western Farm Leader, February 21, 1941.

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In the meantime, over the past four years the independent operators on whose behalf this submission is made, and who have been operating in direct competition to the dairy pools, have paid in income and excess profits taxes, the sum of $276,000.00 (approximately), and assuming that their profits for 1941 and future periods remain approximately the same as in 1940, they will be contributing annually about $125,000.00, 42% of their net income.[1] Under existing conditions two of the largest dairy pools in the province are being subsidized by tax exemptions in the amount of approximately $95,000.00 per year, and their main competitors are contributing in tax revenue about $125,000.00 per year. The loss of tax revenue is very significant.

2. <u>THE BURDEN OF DISCRIMINATORY REGULATIONS IS INCREASING</u>.

The growth of discriminatory exemptions is cumulative in its effect on private enterprise. In 1934 the "producers' cooperatives" were marketing about 17.2% of all farm products in Canada, and about a similar percentage of dairy products.[2] In 1939 the cooperatives marketed about 27.5% of all farm products (in Canada), and about a similar percentage of dairy products (in Alberta).[3] The growth of "cooperatives" is illustrated by the following graph:

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[1] In making this computation it has been necessary to recognize that some of the dairies have been operated as departments of companies carrying on other operations. In such instances the dairy departments have been treated as separate units, and the tax computed on the basis which they would have paid if their dairy departments had been separately incorporated.

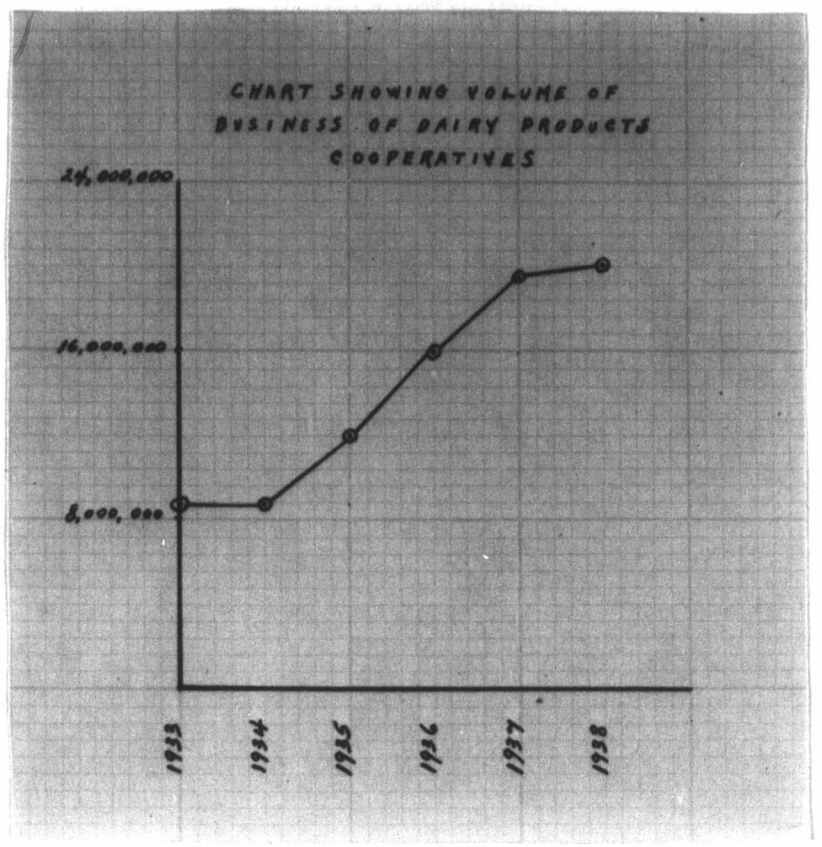
[2] Cowbell, May 1935 - J. R. Love.

[3] Report of the General Manager of Northern Alberta Dairy Pool, Cowbell, April 1940.

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It will be observed that the annual business of"dairy producers cooperatives" has increased from about $9,000,000.00 in 1933-1934, to almost $20,000,000.00 in 1938-1939. Without suggesting that this increased growth is wholly attributable to exemptions from income taxation, it is noteworthy that the fastest growth has been achieved in the years of higher taxation. It is interesting to speculate to what extent this trend may be allowed to continue before the whole of the industry, or the major part thereof, is in the hands of non-taxable concerns.

We have already pointed out in this submission that our clients have paid $276,000.00 in income taxes during the past five years, and that under existing conditions (and assuming that no relief is given to them as depressed industries), they will annually pay the

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sum of $125,000.00 in income and excess profits taxes. In the meantime they are placed under severe disabilities as compared with their competitors.

(a) Their competitors will be able to create reserves for expansion. By reference to page 4 of this report it will be observed that in 1936 to 1940 the Northern Alberta Dairy Pool paid the sum of $8,884.81 for field work. With a substantial proportion of their profits going to the government it is obvious that the independent operators have been, and will be, unable to meet the competition in this respect, and that the pools will be able to appropriate larger amounts for development purposes, and should therefore be able to increase their proportion of business obtained.

(b) There has been a steady rise in the last few years in the replacement costs of dairy and creamery equipment coupled with a necessity for modernization as a result of public demand and regulatory control. If this were not so, independent operators could expect to replace their existing plants from depreciation allowances on original cost allowed as tax exemptions. With replacement cost exceeding original cost, however, it is obvious that either the individual entrepreneur must invest additional capital, or appropriate profits for the purpose of plant replacement; with a considerable portion of profits going to the government the latter course is very difficult. The actual experience of one independent operator in this connection is as follows:

	Original Cost 1925 - 1935	Replacement Cost in 1940
Bottle Fillers	$2,000.00	$4,500.00
Vats	1,000.00	1,900.00
Separator	1,200.00	3,000.00
Milk Cooler	4,000.00	8,300.00

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It is obvious that the independent operators will be heavily handicapped in this respect.

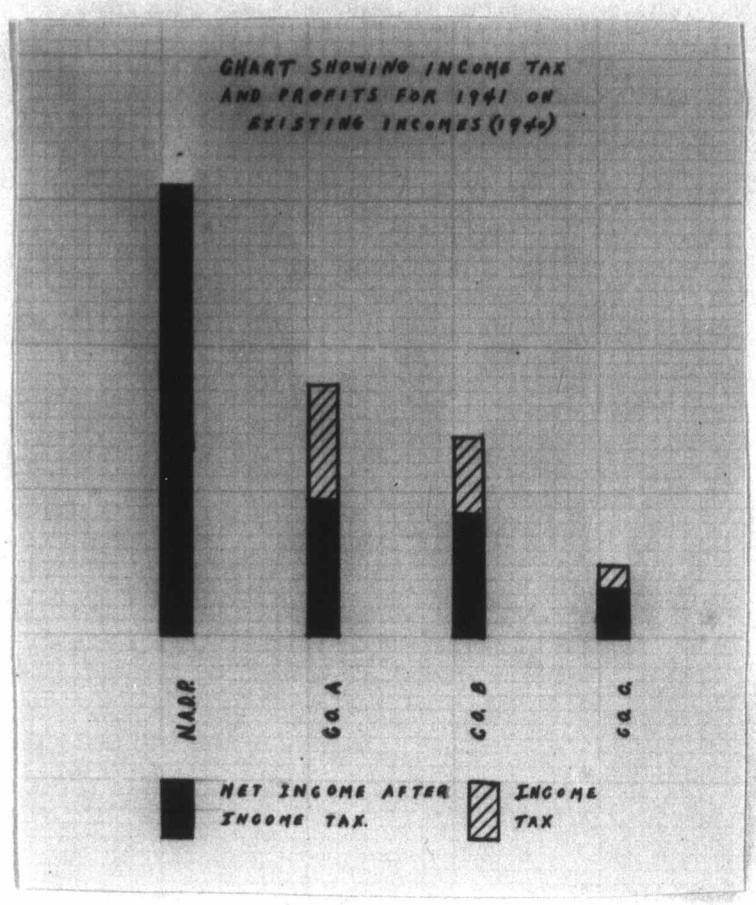
(c) Dairy pools are able to pay bonuses and higher salaries to employees. This trend is already indicated by bonuses to all of the employees of the Northern Alberta Diary Pool at the end of 1940, at a time when the income tax department announ ced through the press that extraordinary bonuses would not be allowed for income and excess profits tax purposes.

(d) Until the passing of the Excess Profits Tax Act and the increased taxation in the first war budget, this situation was not so serious. The independent operators by methods of rigid economy and administrative efficiency were able to meet the competition, although as has already been pointed out there has been a trend towards a larger relative volume in the cooperative enterprises. However,whereas corporation taxes in 1938 were only 15%, they are now 18%, with an additional excess profits tax of 61.5% on excess earnings. As a result the independent operators will pay, including provincial and dominion income and excess profits taxes, a maximum of 86.5% on a certain portion of their incomes, and a minimum of 37%. The impact of these taxes and its effect comparatively on certain independent operators and the Northern Alberta Dairy Pool is illustrated by the following graph which shows the effect of existing taxation if incomes remain constant with those obtaining during 1940, and the present rate structure continues.

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The effect on dominion and provincial revenues is to deprive the government of:

(a) Taxation on that portion of the national income passing through "producer cooperatives".

(b) Taxation on that increasing portion of the national income passing through "producers cooperatives" as a result of (a).

(c) Reduction in taxation from independent operators due to their inability to maintain volume without meeting prices.

The effect of (a), and (b) upon (c) is cumulative. As the effect of discriminatory exemptions increases the pools will grow larger and larger, and more and more private enterprises will be driven from competition. As rapidly increasing portions of the national income

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become tax exempt, it is reasonable to suppose that the pools will no longer need to maintain methods of efficiency and initiative, and that ultimately the farmer will suffer. Already one of the independent companies has been forced to dispose of eight or ten country creameries as a result of the competition of dairy pools, and there is a tendency for the independent operators to meet prices, at the expense of reduced profits (or actual losses) in an effort to protect his investment. In Saskatchewan one of the dairy pools has lately purchased a large independent creamery for a price stated to approximate $160,000.00. The profits of the independent company are now lost to tax revenues, as a result of its acquisition from profits which have been amassed tax free.

It is submitted that the increased tax burden upon the independent operator has unquestionably placed in the hands of the pools a means of eliminating what would otherwise be effective competition.

3. <u>ULTIMATE RECIPIENTS OF COOPERATIVE INCOMES ARE NOT EFFECTIVELY TAXED.</u>

It has been argued that the justification for not taxing cooperatives is that the income is ultimately taxed in the hands of the members. The evidence we have been able to gather, however, discounts this theory. By reference to Schedule "1", it will be observed that over 480,000 farmers were members or patrons of "producers' cooperatives" at the end of 1939. In all of Canada, however, there are only 1,121 agrarian income taxpayers.[1]

In Saskatchewan as late as March 1941 Mr. H. L. Hentleman C.C.F. member for Elrose, in the Public Accounts Committee pointed

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[1] Canada Year Book - 1939, Page 889.

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out that "there were many districts where farmers who should be paying provincial income tax were not doing so, and that in the first three years after the institution of the tax no more than 40 farmers per year made returns." Mr. Hentleman went on to say that of his own knowledge "there were single districts in which 40 farmers could make returns."[1]

There are certain conditions which tend to defeat the taxation of "dairy cooperatives" income in the hands of farmers:

(a) At the present time farmers file their returns on a cash basis. As a result the accumulations of capital and surplus represented by participation certificates, are not taxable in farmers' hands.

(b) Since returns are made on a receipt and payment basis, that portion of a farmers income which is represented by development and non-cash capital accretions, is not subject to income tax.

The tendency as an increasing portion of the national income passes through cooperatives, is obviously to increase the burden of income tax on individuals. At the present time 27.5% of dairy production goes through cooperatives -- if 85% or 90% were to be marketed cooperatively the corporation tax income would be negligible, and the burden on the individual would correspondingly increase. At present income passing through "producers' cooperatives" is subject to negligible taxation, whereas that portion of the national income which is represented by the earnings of corporation creameries is taxed twice, firstly in the hands of the corporation, and secondly in the hands of the shareholders on receipt by them. It is submitted that the taxing of "cooperatives" would be one step towards the applic-

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[1] Saskatoon Star Phoenix, March 14, 1941.

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ation of the proper incidence of tax in this respect. In that connection it should be pointed out that the taxation of cooperatives would not place an onerous burden on the individual patron. The Northern Alberta Dairy Pool with about 8,700 members would have paid about $127,001.82 over the five years from 1936 to 1940 (page 5), or about $15.00 per patron or an average of $3.00 per year. Whereas this would be higher in future years, the impact of the tax would not be heavy on the individual patron when considered in relation to the advantages of enabling the independents to continue operations, and the avoidance of the probability of monopolistic control.

4. INCOME TAX RELIEF ORIGINALLY GRANTED DID NOT APPREHEND PRESENT CONDITIONS.

When in 1930 an amendment was made to Section 4 of the Income War Tax Act to exempt the income of farmers', dairymen's, livestockmen's, fruit growers', poultrymen's, fishermen's and other like cooperative companies and associations, it surely was not apprehended that:

(a) Income and excess profits taxes would represent such a vital aspect of a company's operations. At that time dominion income tax was 8%; now it is 18%, with an excess profits tax of 61.5% of profits exceeding the average of the 1936-1939 period.

(b) The extent to which cooperatives would become, to use the expression used in the directors' report of the Northern Alberta Dairy Pool, "Big Business" accumulating large reserves of capital and entering into the competitive sphere, not only against existing operators, but against each other.

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In 1930 the Supreme Court of Canada handed down itsdecision with respect to the Saskatchewan Cooperative Wheat Producers Limited, in which it held that the reserves and surpluses represented by participation certificates were not taxable gain or profits within the meaning of the Income War Tax Act. Surely the fact that the Minister of National Revenue carried this case to the Supreme Court of Canada would indicate that this is an exemption which was perhaps not originally apprehended. On the contrary it is suggested that what was originally meant by the term "cooperative" was such an organization as sold to or purchased exclusively from its members and divided all of its profits at the conclusion of each year.

The independent dairies, as has been previously stated, are not hostile to the cooperative movement as long as it stays within the ambits of proper cooperative enterprise; but it is submitted that the tax exemption given to dairy pools as they now operate, is a distortion of the original intention of parliament. When enterprises amass capital and reserves, they make profits from sources other than cooperative trading, such as income on investments, gains on speculation and inventory holdings; surely there is no social justification for exempting national income of this sort.

In the United Kingdom until 1933 the Industrial and Provident Societies Act and the Income Tax Acts entitled cooperative societies to claim exemption from tax on income arising from interest, dividends, and business profits, but cooperative societies always had to pay income tax on income from land and buildings. The Royal Commission on Income Tax of 1920 referred to the anomaly that if a cooperative invested its surplus funds in war loans the income thus obtained would be exempt from tax. The Commission went on to re-

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commend that regardless of the form of investment, all accumulations not returned to members, should be subject to tax; in other words, that a distinction should be drawn between distributed and undistributed profits, so that any part of the net profits of the society not returned to the members should be subject to income tax. As a result of the recommendations of this Commission and of further commissions subsequently appointed, in 1933 the Chancellor of the Exchequer sponsored an amendment to the Finance Act to tax cooperatives on such portion of their operations not related to trading, and to tax them also on that portion of their income represented by reserves.[1]

The situation in United States is parallel to this. A recent survey by the Consumers Bureau of the Department of Labor reports that four states exempt consumers' cooperatives from state income tax, whilst thirty-six states do not.[2] Furthermore, Section 231 of the Federal Income Tax Act states that "Nor shall exemption be denied any such association because there is accumulated and maintained by it a reserve required by state law or a reasonable reserve for necessary purposes."

Thus it will be seen that the United Kingdom specifically restricts the creation of tax free reserves by cooperatives, and the United States at least requires them to keep within the bounds of reason. In Canada, however, producers "cooperatives" have been allowed to accumulate tax free surpluses and reserves exceeding $53,000,000, apart altogether from those accumulated by consumers cooperatives, credit unions and similar enterprises.[3]

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1 Consumers Cooperation in Great Britain: Carr-Saunders, Florence and Peers.
2 Comparative Retailing Costs of Consumers' Cooperatives: Clark Kerr Annals "Consumers Co-operation" May 1937.
3 Schedule "1".

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It is submitted that this situation was not apprehended at the time that the amendment to Section 4 was passed in 1930, and should now be corrected.

5. THE FINANCIAL COST OF SUBSIDIZATION OF COOPERATIVES IS ALREADY ENORMOUS.

The legislation which has been passed, and which is summarized on Schedule "5" of this submission, is formidable in its scope. In Alberta alone the loans to 65 cooperatives are guaranteed in the amount of almost $1,800,000.00, and marketing associations to about $396,000.00. The loan to the Canadian Cooperative Wheat Producers is guaranteed to the banks in the amount of $5,649,000.00, which was funded in 1931 by the issuance of 4½% bonds at 98, and has therefore become a direct obligation of the province. As late as March 31, 1940, the Government of Alberta was indirectly liable for $1,004,218.95 for guarantees in respect to cooperative credit societies, and $185,084.33 for guarantees with respect to cooperative producers associations. In addition to that it had implemented guarantees of (and there is now due by cooperative associations) the amount of $597,000.78, and there is due by the Alberta Wheat Pool the sum of $4,096,225.24. The dairy pools which are now operating in competition with the independent producers were originally financed wholly by bank credit guaranteed by the government, and to a substantial extent are still financed by government guarantee. In addition the government maintains a branch under the Department of Trade and Industry, administering the Cooperative Activity Supervision Act, which costs the province nearly $4,000.00 per year.

This, of course, is not the entire story with respect to the extent of direct subsidization of cooperative enterprises. Other

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provinces either to a greater or lesser extent, have guaranteed the loans of cooperatives, or made direct advances, and even the Dominion government has made provision for guaranteeing funds borrowed by cooperatives for making the initial payment.

There is, however, one advantage of the type of subsidization detailed in this section -- at least it is visible -- any citizen of Canada by reference to the respective public accounts may ascertain the nature and amount of such subsidies. It is, of course, incongruous that the existing private creamery operators should be taxed to provide capital for, and thereby finance their own competition. The appropriation of governmental revenue for such purposes naturally places a heavy strain on the willingness with which the independent operators pay their taxes, but at least they know the extent of the subsidization, whereas exemptions from income and excess profits taxes constitute invisible subsidies of unknown amount.

It may be contended that there was some justification for visible subsidies and allowances in the formative stage of producers' "cooperatives", but the infant stage has now passed. An industry with capital and reserves exceeding $53,000,000.00, total annual business exceeding $201,000,000.00, 486,589 patrons and 3,791 places of business, is no longer in the infant stage, and is not entitled to subsidization of an invisible nature through income tax exemptions. The extent of such tax exemptions in dollars and cents is difficult to ascertain, but it is safe to say that it consitutes millions of dollars per year.

It is submitted that this form of subsidization is discriminatory and unfair, and should be discontinued.

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6. DAIRY POOLS ARE IN EFFECT PRIVATE PROFIT-MAKING ENTERPRISES.

Dairy pools are in effect private profit-making enterprises because they:

(a) Transact the major portion of their business with other than members in the "cooperative" sense of the term.

(b) Amass large reserves of capital and surplus.

(c) Compete for business from private enterprise and between themselves.

By the memorandum of association of the Northern Alberta Dairy Pool it was originally provided that "Any person engaged in the production of dairy or poultry products for marketing, is entitled to apply for and obtain membership by paying the membership fee $2.00 to defray costs of organization, and signing the marketing contract, and shall thereupon have voting power and property rights on the same basis as other members." On April 5, 1940, an amendment to the Memorandum of Association was filed creating two classes of members:

(1) Contract members who only shall enjoy and have voting and property rights in the association.

(2) Associate members who shall be annual members only. They shall be entitled to receive and participate in any dividends disbursed or distributed by the association during the year in which they are members, but shall not be entitled to vote or take any part in the election of delegates to general meetings. Any person engaged on the production of dairy or poultry products and wishing to market same on a cooperative basis, shall upon delivery of any such product to the association in any year be deemed to be an associate member for that year.

In the year ended December 31, 1940, of $65,765.72 paid in cash dividends to members, $34,017.12, well over 50%, was paid to associate members, and we are informed that reserve certificates in the amount of $50,267.85 were issued in the same proportion.

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The application of the 20% provision of Section 4 (p) is dependent on an interpretation of the term "Associate Member" as used by this pool, and its validity as actual membership in the cooperative sense.[1]

It is interesting to compare this type of organization with the old Rochdale principles:

> "(1) Only one vote to each member regardless of the number of shares held.
>
> (2) Limited and fixed returns on capital.
>
> (3) Dividends apportioned according to patronage."[2]

The Northern Alberta Dairy Pool in its operations complies with only one of these criteria, the third. It does not allow one vote to each member when more than one-half of its so-called membership is composed of associates without a vote and without active participation in management. It does not allow fixed returns on that major portion of its capital, which is represented by participation certificates, and the returns on such capital are unlimited. The Co-Operative Union of Canada has urged for some time that the designation "cooperative" be reserved legally for organizations whose by-laws embody the principal Rochdale trading rules.

Furthermore, it should be noted that during the year ended December 31, 1940, of $887,000.00 constituting purchases of butter and butterfat, $331,000.00 represented purchases of manufactured butter other than butterfat purchases from its contract and associate members. In the proceedin gs of the annual meeting of the Northern Alberta Dairy Pool as reported in the Cowbell of April 1938, it was

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1 Directors' Report Northern Alberta Dairy Pool Cowbell March 1939: "We started without the members putting up a dollar. We borrowed under the Co-operative Marketing Act of 1924 sufficient to permit a start. The security for the loan was largely based on the membership contracts on hand- had we not had those contracts neither the government nor the bank would have loaned us a dollar."

2 Canadian Forum September 1940 - Janet Coerr "Cooperatives in Canada".

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stated in answer to a question that during the preceding year the association had purchased $465,909.43 in treated butter from persons other than its own members. With 37% of its total purchases made in the form of treated butter, and 52% of the remainder made from other than contract members, it is not unfair to say that this organization posing as a "cooperative", assuming for itself the immunities and privileges of a cooperative, is actually nothing more than a private enterprise.[1] But there is evidence too, that not only are the dairy pools amassing substantial reserves of capital and bidding for business on a competitive market, but also that they actually compete for business among themselves. A report of an investigating committee into the Central Alberta Dairy Pool in 1937, contained this illuminating statement:

> "The Acme and Bowden Creameries were acquired according to the manager to prevent other creameries from encroaching upon Pool territory. We were advised by the directors that they were given to understand by the manager that the Northern Alberta Dairy Pool intended to take over both Acme and Bowden, and if they did not the Central Pool would be squeezed on both sides."[2]

Elsewhere in the same report it is stated that the directors were persuaded by the manager to construct a condensery plant becuase of the fear that some other organization would build a condensery if the

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[1] Report of the Proceedings at the Annual Meeting of Northern Alberta Dairy Pool "Cowbell April 1938". "It was asked whether butter purchases of $465,909.43 as shown on page 9 included the produced butter within the Northern Alberta Dairy Pool, or other butter purchased outside of that. It was explained that the amount shown was butter purchased outside of the Dairy Pool Edmonton plant, from our other branches and also from privately owned plants who sell their butter to the Northern Alberta Dairy Pool. It was stated that some 535,594 pounds of butter were purchased from creameries which we do not control."

[2] Report of Investigational Committee comprising F. G. Cottle, C.A., F. J. Hawkins, and F. C. Bellamy, appointed by the Department of Trade and Industry, Province of Alberta, dated July 26, 1937.

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pool did not. It will be seen, therefore, that there is ample evidence to the effect that the dairy pools are prompted by the pressure of competition; competition not only from sources outside dairy pools, but among themselves, and that in this respect they have all the attributes of private enterprises.

In the opinion of leading authorities there is considerable doubt as to whether producers' "cooperatives" are cooperative enterprises in the proper meaning of the term. That view is expressed by Dr. James P. Warbasse, the president of the Cooperative League of the United States, and a member of the Central Committee of International Co-operative Alliance.[1]

Professors A. M. Carr-Saunders, P. Sargant Florence, Robert Peers, in their book "Consumers' Cooperation in Great Britain" make the following statement:

> "The starting point of the cooperative system is the consumer and the consumers' wants, not the producer and the desire for gain. As between different kinds of producers organized for gain there is diversity of interest. Each wishes to sell as dearly as possible, whether they have goods or services to sell, and to buy the products or services of others as cheaply as possible. It is usual to say that our interests as consumers, on the other hand, are identical."

Furthermore, these professors, who are themselves advocates of the cooperative movement, point out on page 521 that once a cooperative reaches the stage that it has heavy investments of capital and extended operations "they have tended to become more and more like any other big business, and to adopt the same criteria of success. This tendency away from the original idea has been accentuated by the need with increase in size, of placing more and more control and direction in the hands of permanent business officials."

The dairy pools in Alberta are not cooperative in the true

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[1] Co-operative Democracy.

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sense of the word -- in the sense of each member receiving back annually that portion of the selling price exceeding the amount originally paid to him plus the cost of production. Rather are they substantial business organizations accumulating capital, competing among themselves and against private enterprise for new plants, new territories, and new markets, and motivated by competitive considerations.

As such the income tax exemption under Section 4 (p) is discriminatory and unfair to the private entrepreneur.

7. INCONSISTENCY OF TAX EXEMPTION FROM THE ASPECT OF RATE REGULATION.

Some years ago the milk distributors in Calgary and Edmonton were placed under the jurisdiction of the Board of Public Utilities in this province. As such, the Board controls the minimum price of milk purchases, and fixes the price at which it may be sold to the consumer. This regulatory control was undertaken we are informed, for two reasons:

(a) To restrict for health purposes the sale of milk by unsanitary and poorly equipped creameries.

(b) In the public interest, to remove harmful competition as to both the selling price and the purchase price of milk.

Since that time the Board of Public Utilities has accordingly set a minimum price on milk purchases, and fixed the retail price of milk sales in the cities of Edmonton and Calgary. In doing so it has, of course, applied the principles of a utilities rate base, which is, that the operator should be allowed to recoup himself from the selling price:

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(a) The original cost of the raw product.

(b) The cost of processing.

(c) The amortization of plant.

(d) A proper return on capital.

The situation which obtains if certain competing utilities are tax exempt, and others are not, will be apparent in fixing the prices of milk. If the selling price is sufficient to give a reasonable return on capital invested to those independent operators who are paying a substantial portion of their income to the government, it is obviously excessive insofar as those operators are concerned who do not pay income and excess profit taxes. If on the other hand, the selling price gives a reasonable return to the non-tax paying operators, the independents will operate at a loss.

Surely if it is in the public interest that the Board of Public Utilities fix a minimum purchase and selling price of milk, it cannot also be in the public interest that certain utilities should be tax exempt.

CONCLUSION

In conclusion we would say that the statements we have made in this submission we believe to be accurate, and where possible may be authenticated by reference to the statistics to which we have made reference. Much information, however, which is not available to us, is available to governmental departments, and we would ask that an investigation be made into the affairs of dairy pools to ascertain:

(a) Whether or not they are presently complying with the 80% provision of Section 4 (p).

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(b) Whether there is social justification for continued income tax exemptions.

(c) Whether they are not in effect private enterprises operating with profit motives.

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Schedules

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Schedule "1"

FARMERS' CO-OPERATIVE BUSINESS ORGANIZATIONS IN CANADA

For the years 1931 to 1938

Year	Associations	Places of Business	Shareholders or Members	Patrons	Total Assets	Value of Plant	General Liabilities	Paid-up Share Capital	Reserves and Surplus	Total Business Including Other Revenue
1931-32	795	3,501	379,687	417,000	$ 70,226,288	$45,607,366	$22,072,231	$8,570,488	$37,805,137	$145,303,954
1932-33	686	3,057	342,369	376,000	90,003,261	42,520,970	43,005,593	8,224,016	38,773,652	115,849,894
1933-34	690	3,223	345,024	379,740	104,350,702	40,432,859	56,046,004	8,722,451	39,590,050	136,411,483
1934-35	697	3,301	341,020	378,730	105,183,565	38,850,488	55,306,671	8,933,425	40,943,469	126,064,891
1935-36	781	3,186	366,885	406,321	85,751,901	35,289,468	34,665,210	8,954,135	42,132,556	158,165,565
1936-37	1,024	3,987	396,918	451,231	87,938,453	36,338,952	36,685,625	9,265,747	41,987,081	173,927,117
1937-38	1,217	4,125	435,529	462,937	83,140,697	36,569,984	33,423,607	9,265,391	40,451,699	155,080,435
1938-39	1,332	3,791	445,742	486,589	86,483,057	37,785,803	32,977,904	9,685,537	43,819,616	201,659,984

Economic Annalist. (A publication of the Dominion Department of Agriculture.)

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Schedule "2"

CO-OPERATIVES - DAIRY PRODUCTS

For the years 1933 to 1939

Year	Associations	Places of Business	Shareholders	Patrons	Total Assets	Value of of Plant	General Liabilities	Paid-up Share Capital	Reserves and Surplus	Sales of Farm Products	Sales of Supplies	Total Business including Other Receipts
1933-34 (1)	83	112	28,388	45,653	$3,825,474	$1,654,658	$1,526,202	$1,689,665	$ 609,607	$ 8,567,690	$254,759	$ 8,827,527
1934-35 (2)	115	122	35,034	54,243	4,179,513	2,070,396	1,626,871	1,828,967	723,675	8,479,466	271,543	8,780,830
1935-36 (3)	136	142	33,211	52,244	4,478,737	2,184,045	1,710,622	1,899,715	868,400	11,631,338	283,984	12,039,618
1936-37 (4)	146	574	49,796	69,403	5,077,441	2,308,128	2,166,605	1,962,202	948,634	16,328,900	220,895	16,621,612
1937-38 (5)	166	593	58,672	77,824	5,169,009	2,397,338	2,172,812	2,140,132	856,065	19,004,148	318,328	19,420,505
1938-39 (6)	197	207	56,979	75,876	5,551,549	2,673,554	2,242,409	2,204,931	1,104,209	19,412,343	314,478	19,898,326

(1) Farmers' Business Organizations in Canada, 1935.
(2) Annalist, August 1936 (A publication of the Dominion Department of Agriculture).
(3) Annalist, June 1937
(4) Annalist, June 1938
(5) Annalist, June 1939
(6) Annalist, June 1940

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Schedule "3"

CLASSIFICATION OF DAIRY FACTORIES

ACCORDING TO FORM OF ORGANIZATION

BUTTER AND CHEESE FACTORIES

CANADA

Year	Total Establishments	Establishments Operated By		
		Individuals or Partnerships	Co-Operative Associations	Incorporated Companies
1931	2,676	1,689	319	668
1932	2,708	1,738	339	631
1933	2,693	1,904	208	581
1934	2,632	1,836	219	577
1935	2,589	1,660	326	603
1936	2,573	1,642	392	539
1937	2,568	1,603	429	536
1938	2,528	1,530	455	543

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124981 Schedule "4"

CLASSIFICATION OF DAIRY FACTORIES
ACCORDING TO FORM OF ORGANIZATION

BUTTER AND CHEESE FACTORIES

ALBERTA

Year	Total Establishments	Establishments Operated By: Individuals or Partnerships	Co-Operative Associations	Incorporated Companies
1931	99	20	9	70
1932	103	25	8	70
1933	103	25	8	70
1934	103	29	7	67
1935	104	32	11	61
1936	104	30	13	61
1937	105	30	14	61
1938	108	28	19	61

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Schedule "5"

SUMMARY OF LEGISLATION AFFECTING COOPERATIVES

ALBERTA

1924 Ch. 5. The Co-operating Marketing Associations Act.

An act providing the machinery for the incorporation of cooperative marketing associations.

1924 Ch. 7. The Alberta Co-operative Wheat Producers Limited, Act. Provincial guarantee Sec. 20.

An act incorporating the Alberta Co-operative Wheat Producers Limited.

1929 Ch. 59. The Co-operative Marketing Associations Guarantee Act. Guarantee Sec. 2.

An act enabling the Lieutenant Governor in Council to guarantee any sum borrowed by associations incorporated under the Co-operative Marketing Associations Act, for the purpose of acquiring land, factories, warehouses and equipment up to 85% of the cost thereof.

1930 Ch. 27.

An act to authorize the guarantee by the Government of Alberta of certain advances made to the Canadain Co-operative Wheat Producers, Limited.

Authorization of guarantee Sec. 1.

1931 Ch. 66. The Alberta Co-operative Rural Credit Act.

Provincial Guarantee Sec. 52.

1937 Ch. 66. The Co-operative Associations Act 1937.

1939 Ch. 3. The Alberta Marketing Act.

DOMINION

Agricultural Products Co-operative Marketing Act, 1939 c. 28 1940 c. 19 (amend.)

Provides for the financing by the Dominion Government of an initial payment.

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BARRISTER & SOLICITOR

CABLE "EVANGRAY, TORONTO"
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STERLING TOWER
TORONTO 2, CANADA

#13
Ottawa

May 30th, 1941.

Right Honourable Arthur Meighen, K.C., P.C., LL.D.,
The Senate,
Ottawa, Canada.

Dear Senator:

As I have to leave the City by train this afternoon, may I send you for immediate reference, a letter which I sent yesterday to the Superintendent of Insurance of Quebec, which contains a statement of the facts, out of which grows our difficulty under the proposed amendments to the Special War Revenue Act, now embodied in House of Commons Bill No. 88. I have not seen the printed bill and the references in the letter are to the budget resolutions appearing in Hansard at page 2567.

I will supplement this with material more appropriate for discussion in the Senate and endeavour to see you in Ottawa on Monday of next week, if I can arrange to be there on that day.

Yours faithfully,

V. Evan Gray

VEG:G
Encl.

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V. EVAN GRAY, K.C., STERLING TOWER. TORONTO 1 2 4 9 8 4

May 28th, 1941.

Georges Lafrance, Esq.,
Superintendent of Insurance of Quebec,
Parliament Buildings,
Quebec.

Dear Mr. Lafrance:

Re: Dominion Budget Resolutions 1941
Re: Special War Revenue Act Amendments
Re: Mutual Boiler Insurance Company of Boston

The Mutual Boiler Insurance Company of Boston was first licensed to carry on the business of boiler and machinery insurance in the Province of Quebec in April, 1934, and since that date its license has been annually renewed. The company is in good standing; its financial position is unassailable; it has not been aggressive in competition for Quebec business; it has continued to go quietly on its way, doing chiefly the business which came to it on behalf of United States subscribers, which had branch factories and plants in Quebec.

In December, 1936, the company applied to the Dominion Superintendent of Insurance (Mr. Finlayson) for registry under the provisions of the Foreign Insurance Companies Act; this application was refused because the deposit of securities, which it offered to make under Section 14 of the Foreign Insurance Companies Act, was not acceptable under the proviso of that section which, in the case of fire insurance companies making such deposit, remains the property of the company for the benefit of all policy-holders wherever resident.

In July, 1937, the company was licensed by the Province of Ontario under the Ontario Insurance Act and its license in that province has been continuously renewed since that date.

G. & T.
6183

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V. EVAN GRAY, K.C., STERLING TOWER, TORONTO

2. Georges Lafrance, Esq. 27/5/41.

During the calendar years 1934 to 1940, both inclusive, the company has continued to pay the tax assessable under the provision of Section 14 of the Special War Revenue Act at the rate of 2% on the amount of net premiums for insurance risks.

The budget resolutions of the Minister of Finance for 1941, printed at page 2567 of the House of Commons debates contain the following proposed amendments to the Special War Revenue Act:

"1. That the definition of "British Company" in section thirteen of the said act be amended by deleting therefrom the following words "and includes any association of persons formed in the said Kingdom or in any such dominion or possession on the plan known as Lloyds whereby each associate underwriter becomes liable for a stated, limited or proportionate part of the whole amount insured by a policy."

"2. That subsection one of section sixteen of the said act be amended by deleting the words "or of any province thereof" where they appear in the fourteenth line thereof".

The effect of paragraph 2. above quoted, is to impose upon the Canadian policyholders of the Mutual Boiler Insurance Company of Boston, an additional tax of 10% of premiums payable to that company. This is the only company in Canada so affected.

The effect of paragraph 1, of the resolution above quoted, is to exempt policyholders of London Lloyds from the tax, which would otherwise be imposed upon them, by the amendment in paragraph 2. This is a discrimination between British unregistered insurers and United States unregistered insurers, which is quite beyond possibility of justification. The explanation, of course, is that London Lloyds has a powerful organization in Canada, which would not submit to such treatment, while the Mutual Boiler Insurance Company of Boston is a small company, with which very few people are in any way concerned.

G. & F.
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V. EVAN GRAY, K.C., STERLING TOWER, TORONTO

124986

3. Georges Lafrance, Esq. 28/5/41.

You are well aware that by the decision of the Privy Council in the case re INSURANCE ACT OF CANADA (1932 APPEAL CASES 41)whichwas a reference initiated and prosecuted by the Attorney-General for Quebec, it was expressly decided that similar legislation enacted in 1927 (Sections 16, 20 and 21 of the Special War Revenue Act R.S.C., 1927) was ultra vires the Dominion of Canada. The following is what was said in the judgment of the Privy Council by Lord Dunedin, at page 62:

"Now as to the power of the Dominion Parliament to impose taxation there is no doubt. But if the tax as imposed is linked up with an object which is illegal the tax for that purpose must fail. Section 16 clearly assumes that a Dominion license to prosecute insurance business is a valid license all over Canada and carries with it the right to transact insurance business. But it has been already decided that this is not so; that a Dominion licence so far as authorizing transactions of insurance business in a province is concerned, is an idle piece of paper conferring no rights which the party transacting in accordance with Provincial legislation has not already got, if he has complied with Provincial requirements. It is really the same old attempt in another way.

"Their Lordships cannot do better than quote and then paraphrase a portion of the words of Duff J. in the Reciprocal Insurers' case. (At p. 342) He says: 'In accordance with the principle inherent in these decisions their Lordships think it is no longer open to dispute that the Parliament of Canada cannot, by purporting to create penal sanctions under s. 91, head 27, appropriate to itself exclusively a field of jurisdiction in which, apart from such a procedure, it could exert no legal authority, and that if, when examined as a whole, legislation in form criminal is found, in aspects and for purposes exclusively within the Provincial sphere, to deal with matters committed to the provinces, it cannot be upheld as valid.' If instead of the words ' create penal sanctions under s. 91, head 27' you substitute the words 'exercise taxation powers under s. 91, head 3', and for the word 'criminal' substitute 'taxing' the sentence expresses precisely their Lordships' views."

G. & T. 6183

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V. EVAN GRAY, K.C., STERLING TOWER, TORONTO 124987

4. Georges Lafrance, Esq. 28/5/41.

Surely no words could be more explicit or conclusive as to the invalidity of the Dominion legislative effort to control the activities of foreign insurers, through its taxation powers. It is admitted by the Minister of Finance, speaking in the House of Commons on Friday, the 23rd instant (Hansard ~~page3345~~) that:

"I think it is fair to say that it is a means of control rather than a revenue measure, although perhaps that might be disputed in the courts, and I would not make any authoritative statement on the point".

The fact is that at any time during the past seven years it has been open to the Dominion authorities to prosecute the Mutual Boiler Insurance Company for violation of the prohibitions of the Foreign Insurance Companies Act; but the Dominion has consistently refrained from taking this direct action because of lack ~~of confidence~~ in the validity of that legislation. ~~This new proposal~~, will enable the Dominion Superintendent of Insurance to attack our individual policyholders with demands for payment of this tax in a way which the company cannot effectively resist. Such a procedure is exactly the thing which the Privy Council has so unreservedly condemned in the litigation, which the Province of Quebec carried to it.

I have made representations to the Minister of Finance, calling his attention to these facts, but he has persisted in the proposal recommended by Mr. Finlayson. Other important interests affected, have made similar representations.

I cannot think that the Province of Quebec should permit the declaration of the judicial committee, obtained at the instance of the Attorney-General, to be flouted in this manner, without some protest from the Province. Even if its own licensee, the Mutual Boiler Insurance Company of Boston, was not being unfairly discriminated against, it would still seem necessary that the Province should protest to the Minister of Finance and to the Minister of Justice against what is now proposed. Will you not bring the matter to the attention of the Attorney-General of Quebec and encourage some representations to be made, which may yet prevent the carrying through of this most objectionable proposal.

G. & T.
6183

N.W.-

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V. EVAN GRAY, K.C., STERLING TOWER, TORONTO

124988

5. Georges Lefrance, Esq. 28/5/41.

In our interview today, you suggested that, because this was a war-time budget, and the present was a time when Dominion-Provincial controversy ought to be avoided, it might be inexpedient for your Province to take any action regarding this matter. I venture, with respect, to disagree. I think those considerations ought to have restrained the Minister of Finance from reviving the constitutional controversy by his proposed amendment; but since he has failed to do so, I do not think it desirable that provincial authority should accept, without protest, violation of its jurisdiction as already ascertained by judicial decision. To do so will not contribute to unanimity nor unity. Respect for law and the courts is the only sound basis of such unity. If we concur in this violation of constitutional principle, we build up new sources of trouble and dispute for the future, which aggravate our difficulties in co-operation. I think the best basis for co-operation is a demand that both the Dominion and the provinces should respect each others' authority when duly ascertained.

The total premiums received by the Mutual Boiler Insurance Company of Boston from Canadian risks in the year 1940, was $4361. This shows conclusively that the proposed tax cannot be intended for revenue purposes, in a budget in which the Minister had to provide for expenditures of seventeen hundred million dollars in the current year.

As Parliament is now proceeding hurriedly to finish the legislation arising out of the budget, very prompt representations will need to be made in order to have any effect on the present proposals.

May I hear from you regarding the matter?

Yours faithfully,

V. Evan Gray

VEG:G

G. & T.
6183

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124989

V. EVAN GRAY, K.C.,
1407 Sterling Tower,
TORONTO.

Memorandum for Senator Meighen:

re Bill to amend the Special War Revenue Act(H. of C. No. 88).

The relevant sections are numbers 3 and 4 of the annexed Bill. The former Act is Chapter 54 of the Statutes of 1932, part III, also hereto annexed.

Section 3 of the Bill exempts London Lloyds from the tax which would otherwise fall upon them under Section 4 of the Bill; the effect is to leave the Mutual Boiler Insurance Company of Boston the only insurer affected by Section 4 of the Bill.

By Section 4, deleting the words, "or of any province thereof", a tax of 10 per cent of premiums is imposed upon any company (British or foreign) which has a provincial insurance license but no Dominion registry. More accurately, the additional ten per cent, tax is imposed upon the individual or corporation who insures his property with such a company. The only such company is the Mutual Boiler Insurance Company of Boston.

Notice that the words which are deleted from Section 16 of the Act by Section 4 of the Bill, remain unchanged in Section 14 of the Act of 1932. (Line 2 of subsection 1 and subsection 2) The effect of this is to leave the Mutual Boiler Insurance Company liable to the same tax of two per cent. which we have paid heretofore under section 14, as a duly licensed company, and to impose the additional tax of ten per cent. upon policy holders of the same company under Section 16, as an unlicensed company.

Room 276,
Chateau Laurier,
Ottawa.

V. Evan Gray

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Ottawa,
June 2, 1941.

Mr. W. T. Gray,
President and General Manager,
St. Lawrence Starch Company Ltd.,
Port Credit, Ont.

Dear Mr. Gray:

I have your confidential letter of May 29th. Yes, I remember you quite well, or rather I remember well the visit to your home when I was speaking in Port Credit in either the 1925 or 1926 election. At least I certainly was at the home of the then principal officer of the Starch Company at Port Credit, and my recollection is you were the man.

Your letter is most interesting. If one could adopt the very simple assumption that all dividends paid in Canadian companies went to Canadian citizens, taxable under Canadian law, then clearly it would be better not to tax the company but to tax the citizens receiving the money. Even this is subject to the necessity of provision against hoarding unnecessarily in reserves, and as well to some provision of getting some tax out of earnings not paid in dividends. Unfortunately, as you say, a tremendous proportion of Canadian dividends go to citizens of foreign countries, particularly of the United States, and to take care fairly and adequately of Canada's reasonable tax on such payments is a very difficult matter indeed.

You know how Britain handles this, however. With us it would probably be more difficult than it is in Britain because our proportion is greater, but I would not think it impossible to adopt the British plan to suit the case of Canada. For the life of me I cannot understand this fearful roar against taxing foreign dividends. The United States started it and should be the last to complain. An investor living in the United States putting money into a Canadian company must be prepared to the extent of that investment to take his chances with Canada and to contribute to Canada's security in time of peril. The defeat of

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Canada means the loss of his investment.

I do not understand how an American-owned company doing business here, which shows a profit, can get out of its taxes. A profit is a profit no matter what is done with it, and once the profit is established the tax is owing and must be paid. Making a profit cannot be evaded by such a process as having the American parent company charge higher for raw material to its Canadian subsidiary, or pay lower for the finished product from its Canadian subsidiary. All this is covered by Section 24, I think it is, of the Excess Profits Tax Act.

The chief difficulty is the imposition of a fair tax on the portion of the profits which go to non-resident shareholders.

We had Mr. Fraser Elliott, for whom I have a very high regard, before our Committee last week. He claimed the principal objection to my idea of approximating in Canada to the British tax is that the taxation of earnings set aside for reserves falls hard on young and struggling companies. This is true. The difficulty, though, is not insuperable. The necessity of the reserve could be made provable before a Board of Referees, and then if necessary a fair tax could be made on the reserve as and when set aside.

I am simply appalled, as you are, at the ever-multiplied requirements forced upon people doing business, by Governmental authority. The socialistic movement has been encouraged by politicians who find it an easy way of getting votes. Not one in five hundred has the faintest notion of the consequences of socialism. If some authoritative pamphlets telling what has become of Russia under socialism were circulated it might awaken intelligent people anyway to the peril. We are drifting steadily and inexorably day by day into more and more socialism. The war has accelerated the process. In fact, it is going to take a tremendous effort to rescue this country, for, as we are going now, we are right on the gadarene slope.

We cannot escape taxation, and very heavy taxation, but what I am after is a taxation which keeps the trammels of the State off the energies of business and production and leaves people free to get things done.

Very sincerely yours,

AM/E.

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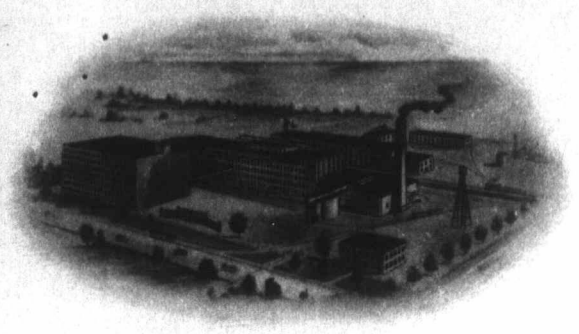
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FORM 10

ALL AGREEMENTS CONTINGENT TO ACCIDENTS OR CAUSES BEYOND OUR CONTROL.

124992

TELEPHONES
TORONTO CONNECTIONS
ADELAIDE 0042
0043
AND
LONG DISTANCE



OFFICE OF
St Laurence Starch Company
LIMITED

Port Credit, Ont. Canada. May 29, 1941. 19

Address all Communications to the Company.

"Confidential"

Senator Arthur Meighan,
OTTAWA, Ont.

Dear Senator:

You probably will not remember me, but I had the pleasure of being introduced to you on several occasions in earlier days, when you visited Port Credit at the reception to the boys returning in 1919, at A.M. Hobberlin's, and later when you were the Prime Minister I was on your platform in Brampton, and drove you to the Union Station, with the late Arch. Hutchison.

I noticed reported in the Toronto Evening Telegram last night, a discussion in the Senate, in which you were taking part, and you supported the principle of no taxation on Corporation profits, and to place the full burden on the final recipient.

I have always held contrary views, and the more I think of it the stronger my feelings become, and I just wonder if you have thought of all the angles of the case that I have?

Each of us is influenced by his surroundings, and what effect they have on companies or industries that we know about, and your argument was a new angle to me. Then I thought perhaps Investment Companies and Trusts handle a lot of foreign capital, and unconsciously it would appeal to them that a grave error was being practised in taxing foreign money--perhaps you are right, but I think there are other angles more important.

I am about your age, I think, but I have been in active business a long time, and have watched the progress of taxation and governmental regulation and interference with business since the beginning of the last war. Prior to that it was a pleasure to be in business, but now each year this means multiplication and re-multiplication of government statements and taxation, until I wonder where the end will be. Will the Government finally be running the business instead of just regulating it?

The feature that has entered into Canadian business since the last war, and seems distressing to me, is that Canada is by now probably more foreign-owned than any other country on the face of the earth, and this is all due to the system of taxation.

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Rich men in Canada would appear to be a despised and persecuted lot, due to the socialistic attitude that has developed, and probably been fostered by politicians, so that it is a much more preferred position now to make oneself a foreigner as far as his investments in Canada are concerned, if he wants to get preferred treatment.

Until recently, as you know, an American Company could take out a Charter in Canada, and lend its Canadian subsidiary all the capital it required to build and equip a factory and get going, and this is about the way it worked. If the loan was five million dollars, and assuming for good even figures they earned 10% per year, each year they could return $500,000 on account of the loan and from the Profit and Loss account credit of $500,000 they could issue capital to Capital Account, and completely evade any taxation in either country, as stock dividends are not taxable by "Uncle Sam" and dividends from a wholly owned subsidiary paid no tax to "Jack Canuck;" but up until the new increase to 15% these dividends either paid nothing, or paid a maximum of 5%, whereas if you were a Canadian citizen receiving that dividend you would pay a fabulously big proportion in Income Tax.

I have long contended that to correct this situation all taxes should be collected at the source, that is, if the Corporation paid an Income Tax of 50% on its net earnings, then when a dividend is declared such dividend would be tax free. This would make for more wealth in Canada, and it would be an inducement not only to prevent Canadians from leaving the country, but an inducement for them to come back.

Once a rich Canadian is driven from Canada, Ottawa has not only lost the Income Tax, but the Succession Duties also, are gone for both the Dominion and the province.

I was glad to note that you agreed on the 15% charge, and also that as far as taxation is concerned a Canadian does not need to be ashamed of his comparison, even with a Britisher. I had a visit from Lord Riverdale when he was in Canada in May, 1939, and we began comparing this tax proposition, and when he told me he paid 58-1/2% that year, I told him he was lucky he did not live right here in Port Credit or he would likely pay 85-1/2%, and his retort was that this astounded him, and it was not sound economics, at least not in peace-time.

The "Financial Post" made an attempt at comparison a couple of weeks ago, but as the methods of taxation of one kind and another are so different, they were not able to arrive at a very accurate

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picture, but they showed that we are almost as high, even as the present English tax.

What objection do you see to dividends being tax-free from Corporations which have paid a good stiff Income Tax, and do you not think that is the only way we are going to get even with these foreign investments, and probably recover control of our own economic system?

When you figure that according to John MacCormack's book 25% of all Canadian industries are American owned, and when you read "Canadian-American Industry" edited by Herbert Marshall, Dominion Bureau of Statistics; Frank A. Southard, Jr., Cornell University, and Kenneth W. Taylor, McMaster University, you find that they give some very startling figures.

In many of our major industries, such as rubber, automobiles, mining, etc., United States owns from 50% to 90%, and when you figure that last year we paid United States about $275,000,000 to $300,000,000 in interest and dividends, with a minimum of taxation, we are letting ourselves be dominated to far too great an extent by the foreign investor.

It may be argued that we would never have had those industries planted in this country if it was not for the foreign investor, but I cannot agree with that because all the foreign manufacturer does is to squeeze out the Canadian institution by the very size of his financial backing. There was a time when United States was not interested much in its investment in Canada, and those were the days when people like Gurney's of Toronto, the Massey-Harris crowd, and many others, migrated to Canada and started a small industry from the knowledge they had learned in their own country and they developed into quite some size.

As I understand it, by "inter-nation" law of some kind, up to 15% deducted by a foreigner, he in turn is allowed to claim as a credit when paying his Income Tax in his home country, so that the investor is not out anything. I have had it suggested to me that my theory would not be fair, as an American investor would have to pay Income Tax to Washington, but my answer is, "what good does that do Canada." We must look at this from an angle that "Charity begins at home" and primarily as Canadians all we are interested in is what does Canada get out of it to help to pay to operate the country.

In Mr. Ilsley's Budget Speech he mentioned the amount of the collection that the Government would get from the increase from 5% to 15% on foreign investors, and it showed that he

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figured on an export of dividends to the extent of $300,000,000. If those $300,000,000 had been owned by 300 Canadian citizens, the tax would have been well up to $2,500,000 and in a country as small and poor as ours, it is an amount to be considered.

It is also argued that we have investments in United States, but the American Investments in Canada are a very much different percentage of the total investments in Canada to the percentage of Canadian investments in United States as compared with the total investments in the United States - probably less than 1% as compared with between 25% and 50% here.

This is probably not the time to discuss our international situation, but our foreign control and our foreign indebtedness is so great that it is a tremendous mortgage on our future and to my way of thinking Canada is being pillaged by foreigners, worse than Cortez did in the Central Americas in his day, only it was done differently.

When the "Canadian-American Industry" book referred to, shows that in 1932 49% of all our mines were owned in United States, and when I know, and I imagine you know too, that International Nickel Corporation is to the major extent foreign-owned, probably all U.S., and that its shares were split twice in the last twenty years, making a total of twenty-~~one~~ four shares for one - we have a tremendous asset to help pay our national debt by charging 10¢ a pound Excise Tax on nickel.

When a Corporation or an individual has a patent on any article it is usually exploited to the limit, and Canada as a nation has the very same thing in nickel, up to the present time having an article that dominates the world requirements to nearly 90%, so it seems to me that the foreign investor does not need any champion in Canada, as he has been handsomely treated.

Confidentially, I was told by an official of the Canada Steamship Lines that up to six months prior to the declaration of war in 1939 they had been carrying a shipload of nickel to Germany, I think he said every three or four weeks - and I venture to say Japan was getting huge supplies also, and now all democratic countries are going to pay for that folly, in money and blood, and a lot of misery in the reconstruction period after the war is won, as the last war demonstrated that the victorious countries suffered perhaps more than the vanquished.

There is possibly a bright side to this situation, and that is, after the war our dollar is bound to depreciate tremendously as compared to the American dollar, and Canada's internal trade and export trade should be remarkably good as the only way we will be able to pay our debts is to ship out goods, and we should see that they

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are manufactured goods, and not all raw material, which cannot be replaced.

I suggested to Mr. Dunning once during the slack business period a few years ago, that the Canadian Government should buy in all our gold and issue bonds in payment, which could easily be sold to the Canadian investor, and let our dollar shrink as compared with the United States dollar, unless they were willing to take goods in exchange for goods, and when the time arrives that gold will advance to say $100.00 an ounce, the Government of Canada would make the profit instead of the Government of United States.

This may sound silly, but I first advocated it ten years ago when gold was $20.67 an ounce, on the basis of labour hours compared to gold; that is, compare how many hours a man in a given position of labour would have to work to earn one ounce of gold, when Great Britain set the price at $20.67 an ounce, and how many hours a man in the same station of life would have to work now to earn equivalent to one ounce of gold. That is, an ounce of gold at $100.00 an ounce would be merely its value as a yardstick, because after all gold has no value in dollars and cents except what is artificially established. It cannot be used in the main for any commercial purpose, and is not consumed, but merely goes from one storage vault in one country to a storage vault in another country, ~~all~~ excepting it is worth so many dollars an ounce, or so much Sterling an ounce.

This sounds like inflation, but I do not believe in inflation excepting the natural inflation that takes place, without the use of the printing press; for instance, as inflation is taking place right now in a greater or lesser degree by rise in taxation, which makes a rise in the cost of living, and this in turn makes necessary an advance in wages and salaries, no matter how we may try to tie it down. As the cost of living goes up due to demand of material and services, so will the cost of labour, and a working man includes in the cost of living whatever deductions have to be made for Defence Tax, such as 2%, and now 5% to 7%, and after the 1st of July the Unemployment Insurance deduction, and so on goes the merry-go-round.

I am writing you these observations in case they may interest you, because I know there is no use writing to anyone in the Government, as the members we elect are, unfortunately, not of your calibre; perhaps there may be some exceptions but I do not happen to know them, and if you read Wellington Jeffers', the Financial Editor of the Globe and Mail, in this morning's edition he writes a very good one on Succession Duties, and to my way of thinking it is written by someone who has been thinking the matter out, because I know a lot of men in my position are providing for Income Tax next April and are not able to worry about taking War Bonds to-day.

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In the last war Sir Thomas White raised money for war purposes by loans at whatever interest rate he thought was necessary to make them go, and every floatation was a success, with only a fraction of the advertising and free hours of labour that this campaign is taking, but politicians can boast how cheaply they borrowed money for this war, as far as interest rate is concerned, as compared with the last war, but if the Government paid 6% for money for this Victory Loan, what difference would it have made, as long as it is not tax free they would get at least half of it back in Income Tax by Companies and individuals, and in the process of naming a higher figure there would be the incentive for the small depositor to freely lend his money to the Government.

This may sound unpatriotic, but I am not speaking personally, and I think it is common sense. I hope I am wrong, and that this loan is going to be away over-subscribed, even to the extent of one billion dollars that I am told the Government hopes for.

If you have taken the time to read this, would you also take the time to tell me whether you think there is any merit in my suggestion of how we are going to overcome this foreign domination of our whole financial structure, and help you and me to pay our taxes.

Sincerely yours,

W. T. Gray

(W. T. Gray)
~~President, and General Manager.~~

WTG/NM

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124998

O t t a w a,
June 3, 1941.

#13

G. D. Conant, Esq., K. C.,
Attorney General of Ontario,
Toronto, Ont.

Dear Mr. Conant:

Thank you for your letter of 2nd regarding the Bill to amend the Special War Revenue Act.

I spoke on this subject in the Senate today, and will follow the matter up in Committee tomorrow.

Yours very truly,

AM/E.

Arthur Meighen.

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ONTARIO

DEPARTMENT OF ATTORNEY GENERAL

Toronto, June 2, 1941.

The Right Honourable A. Meighen, K.C.,
The Senate,
Ottawa, Canada.

Dear Senator Meighen,-

Mr. Evan Gray has wired me as follows,-

"RE SPECIAL WAR REVENUE ACT AMENDMENTS WOULD YOU PLEASE ASK ATTORNEY GENERAL TO SEND TO SENATOR MEIGHEN TODAY COPY OF HIS LETTER TO MINISTER OF JUSTICE OR FINANCE REGARDING ABOVE STOP SENATOR MUCH INTERESTED ON ACCOUNT OF PREVIOUS ASSOCIATION WITH LEGISLATION."

Enclosed herewith find copy of my letter to the Minister of Finance to which, evidently, Mr. Gray refers.

Respectfully yours,

G. D. Conant

(G. D. Conant)
ATTORNEY-GENERAL.

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125000

Toronto,
May 21st, 1941.

The Honourable J. L. Ilsley, K.C.,
Minister of Finance,
Ottawa, Ontario.

Dear Mr. Ilsley,-

In Hansard, April 29th, 1941, at page 2567, it is reported that you have given notice of a resolution to amend the Special War Revenue Act. The apparent effect of clauses 1 and 2 of this resolution is to impose a tax of 10% on persons insuring with British or foreign insurance companies not registered with the Dominion even though such companies may be duly licensed by the Province.

The amendment does not appear to be directed at the raising of revenue as a 10% tax would make the cost of placing insurance in any such company prohibitive. The result therefore would be to prevent a British or foreign insurance company from doing business in Canada until it has obtained registration from the Dominion Insurance Department. Similar legislation, almost identical in form, was considered by the Judicial Committee of the Privy Council in 1931 and was declared ultra vires the Dominion in re The Insurance Act of Canada (1932) A.C.41.

Viscount Dunedin, delivering the judgment of the Judicial Committee, in that case said in part (pages 52-3):

> "Nowas to the power of the Dominion Parliament to impose taxation there is no doubt. But if the tax as imposed is linked up with an object which is illegal, the tax for that purpose must fail. Sec. 16 clearly assumes that a Dominion license to prosecute insurance business is a valid license all over Canada and carries with it the right to transact insurance business. But it has been already decided that this is not so; that a Dominion license, so far as authorizing transactions of insurance business in a province is concerned, is an idle piece of paper conferring no rights which the party transacting in accordance with provincial legislation has not already got, if he has complied with provincial requirements, it is really the same old attempt in another way."

In view of this decision, the proposed legislation would obviously constitute a serious encroachment upon the jurisdiction of the province in insurance matters. This Government takes strong exception to the passing of such legislation which,

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if passed, cannot be regarded as conclusive.

Please forward to me a copy of the proposed Bill at your early convenience.

Yours respectfully,

"G. D. CONANT"

(G. D. Conant)
ATTORNEY-GENERAL.

COPY

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125002

The Senate of Canada

DOMINION SUCCESSION DUTY BILL

Extracts from speech of Mr. Meighen in the Senate on June 3, 1941.

.....

This is, I think, our first taxation measure which can rightly be described as a capital levy. Such a levy is, of course, not receiving its initiation here, for many countries and all, or nearly all, our provinces already impose succession duties. Undoubtedly the needs of the Dominion are greater than those of any province. I do not think there are many persons, no matter how they may have toiled, or what vicissitudes they may have encountered, or how great may have been their devotion to life's purposes, who are not ready now to hand to the federal authorities anything at all, provided it is used for the prosecution of this conflict and the saving of our community and our lives. I do not look for anyone having much when we are through with this war, and I do not think many people care greatly whether they will have much or not.

I will not oppose this measure. The only thing that really disturbs me is this: the popularity of every measure which takes from those who have anything. What disturbs me is, not the necessity of taking--the need exists and has to be met--but the prevalence of the belief that the taking is a virtue. That belief may perhaps derive some support even from the remarks of the honourable leader of the House (Senator Dandurand) who said that as men who have created estates had access to the resources of the whole country, it is just that the Dominion should take something back.

Hon. Mr. DANDURAND: The Dominion levy is just, as compared with provincial levies.

Rt. Hon. MR. MEIGHEN: Support for such a measure has to be based, not on justice, but on need. We are in a desperate plight. We have to do things like this; there is no way of avoiding them. We must do them cheerfully, and without resistance. But I do not like the attitude--which is encouraged politically because it makes vote-

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getting easy--that there is some virtue in penalizing success, industry and enterprise. No one can read the luminous pages of Gibbon's Decline and Fall of the Roman Empire, nor the history of the decline and fall of any other empire, without seeing as plainly as he sees his alphabet that the real cause of the fall was the insecurity of private property. Let none of us imagine that if we keep on as we have been going we can hold society together. We cannot. We must do what the emergency of the hour demands. But we should realize that once property is stripped of that measure of security which stirs human ambition and energy and calls forth all that is in man, the very foundation of society itself is removed.

Hon. MR.DANDURAND: My right hon. friend will admit that his argument is weaker when the question has to do with taxing estates of dead persons.

Rt. Hon. MR. MEIGHEN: No, not at all. I think any worthwhile man is just as much concerned to be of some help to those he brings into this world as he is to see to it that he himself shall be comfortable in his closing days. One ambition is just as proper as the other. I should like to see an effort made by some others to bring home to our people the immortal truth that once you destroy property you destroy liberty. The two can never be divorced. You cannot have political liberty and economic thraldom. They never live together for an hour. The day will come when this eternal principle, which has come down through all the ages, will demand from mankind an intelligent recognition."

.....

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125004

THE GLOBE AND MAIL, TORONTO, TUESDAY, JUNE 3, 1941.

AN OLD CONFLICT REVIVED.

The old dispute between the Dominion and the Provinces over insurance jurisdiction is revived by the almost unnoticed Federal Budget proposal to impose a tax of 10 per cent on persons insuring with British or foreign insurance companies not registered with the Dominion. Notwithstanding that the Judicial Committee of the Imperial Privy Council has decided on more than one occasion that regulations as to the carrying on of insurance business are a Provincial and not a Dominion matter, the Federal Government persists in attempts to find some method of control. Mr. Ilsley has admitted in the House that the proposed tax is a means of control rather than a revenue measure. The fact is that there is only one small foreign insurance company carrying on business in Canada today without Dominion registry and the revenue that may be obtained from its policyholders (if it does not cease doing business in Canada) is estimated to be less than $500 per annum.

Thus it would appear that the real purpose of the Federal Budget amendment (to which insurance companies object) is to reassert the Dominion's jurisdiction concerning insurance, and not to increase revenue. Ontario and Quebec, which have steadfastly defended their constitutional right to regulate the business of insurance, and have been fortified by the decisions of the Empire's highest tribunal, will not take the new attack on their jurisdiction lying down, and the prospect appears to be for more costly litigation.

The Provinces plant both feet on the Constitution and point to the fact that insurance legislation in what is now the Dominion of Canada was enacted prior to the Act of Union in 1840. At least two of the largest Canadian insurance companies were incorporated before Confederation.

It seems unfortunate that any Government should propose legislation which will provoke further controversy when all ten Governments and all elements of the population in Canada should present a united front to the enemy.

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Copy to Senator Meighen.

125005

#13

CONFIDENTIAL

3rd June, 1941.

H. D. Paterson, Esq.,
Inspector of Income Tax,
TORONTO 2, Ontario.

Dear Sir,

C.O. Two Fire Equipment of Canada, Ltd.

Enclosed is copy of a letter addressed to Mr. A. D. Maxwell, of 9 Langley Ave., Toronto. Mr. Maxwell, I am advised, was at one time employed by the above company and claims to have information which will result in the collection of additional Income Tax.

Would you please see Mr. Maxwell when he calls and secure from him all the information he has and then carry on such an investigation as may be necessary.

You will of course conduct the investigation with the usual secrecy and will not disclose to the company the source of the information given by Mr. Maxwell.

Yours faithfully,

Commissioner of Income Tax.

CFE/AMW.

ENCL.

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Copy to Senator Meighen

125006

3rd June, 1941.

A. D. Maxwell, Esq.,
9 Langley Ave.,
TORONTO, Ontario

C.O. Two Fire Equipment of Canada, Ltd.

Dear Sir,

Senator Meighen advises that you have information relative to the above company which you believe will indicate that additional taxes are owing by the company.

This is to request that you get in touch with Mr. H. D. Paterson, Inspector of Income Tax, Toronto (Elgin 5550), and furnish him with any information which you may have.

You may be assured that the information you furnish will be treated as entirely confidential and the source of the information will not be disclosed to officials of the company.

Yours faithfully,

Commissioner of Income Tax.

CFE/AMW.

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125007

O t t a w a,
June 5, 1941.

#13

Mr. A. D. Maxwell,
9 Langley Ave.,
Toronto, Ont.

Dear Mr. Maxwell:

You may expect to hear officially at any time.

Yours very truly,

AM/E. Arthur Meighen.

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125008

#13

Ottawa,
June 4, 1941.

Mr. A. MacIntyre Bruce,
St. Thomas, Ont.

Dear Mr. Bruce:

I have your letter of 2nd June and also received telegram yesterday.

In nearly all matters Canada is taking the easy course--that is the course which meets the least voting resistance. Of course, demands now are terrific, and all must unite to tide over the terrible emergency we are in.

I have been doing everything I can to seek to avoid double and inequitable taxation, but at no time have I sought to reduce the aggregate which the Government requires. The method I urged and which you support would probably produce more enemies than that which now prevails, and, frankly, I do not see much chance of it being followed.

If we were not wasting such a terrific proportion of our income, we would have much less to worry about.

Yours very truly,

AM/E.

Arthur Meighen.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 197)

PUBLIC ARCHIVES
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CANADA

Please answer

125009

St. Thomas
Out
June 2/41

My Dear Senator Meighan:

Thank God you have discovered the danger signal, in the E.P. and Corporation taxes; and you have all industry and stockholders with you, for an adjustment, to Reason x as it is now, it is a most unfair class-tax, that makes investors pay double, with less dividends and double taxes over others, not investors x The British Plan, the only way, and I have made this plain to Mr Hanley & Co know it is all wrong and dangerous to future of nation & At this hard x Canada will suffer x

A. MacIntyre, Bruce

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DISTRICT OF .....

CANADA

IN REPLY, PLEASE REFER TO
W. STEWART THOMSON
Assessor.

Department of National Revenue

INCOME TAX DIVISION
OFFICE OF
THE INSPECTOR OF INCOME TAX

Feb. 9. 32

21 Lombard St.
Toronto.

Dear Mr Meighen.

Re Erindale Securities Ltd.

The 1930 Return has at last been approved by the Dept. along the lines indicated in my report.

Your personal return — which carries with in the profits of Erindale Company — has also been approved with a slight increase, some $12.00, owing to a difference in connection with the U.S. Tax on Split dog - Bethlehem Bond interest.

I need not go into details as to Departmental methods of handling this change — the main thing is that Departmental approval has been obtained for Erindale.

Thanks for
courtesy
shown

Yours faithfully.

W. Stewart Thomson

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 197)

PUBLIC ARCHIVES
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CANADA

127000

Ottawa, 11th February, 1932

Dear Mr. Thomson:-

Many thanks for your letter of the 9th instant and for your uniform kindness in the matter.

Yours truly,

W. Stewart Thomson, Esq.,
Income Tax Division,
Department of National Revenue,
21 Lombard St.,
Toronto, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 197)

PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

125012

Ottawa, 11 February, 1932.

MEMO:

Miss Edmondson.

I enclose Income Tax Assessment for 1930. Please keep me advised as to the time when payment is necessary.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 197)

PUBLIC ARCHIVES
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CANADA

THE PUBLIC DEFENDER

By R. B. GRAHAM

My attention has been called to an article by N. W. Jacobs, K.C., in your issue of January 2nd, dealing with The Public Defender and a letter in reply from W. D. Card, K.C.

While I am strongly of the opinion that the appointment of Public Defenders, paid by the State, would be a step forward in the administration of justice, that opinion is not based upon the reasons urged by Mr. Jacobs.

In fact the main reason urged by him is so repugnant to my idea of the administration of justice in Canada that I feel it a duty to take issue with him. That reason is that very many innocent persons are convicted for lack of means to employ efficient counsel.

Mr. Jacobs may, it is possible, speak with authority for the province where he practices. If he does, then it is time that a radical change is made in the province, not only in the personnel of its Crown Prosecutors, but in its Courts as well. So far as the western provinces are concerned that condition of affairs simply does not exist.

Mr. Jacobs advances in support of his main reason the fact that many convictions are quashed on appeal, an opinion of Mr. Untermeyer and a statement by a Miss Barnard. I heartily concur in Mr. Card's reply to the first contention. If Mr. Jacobs will read carefully the cases in which convictions are quashed on appeal, he will I think be forced to admit that the instances in which the convictions were quashed, because the accused was really innocent of the act alleged, are few and far between.

Mr. Untermeyer was probably speaking of conditions in the United States, and, if Mr. Jacobs is content to measure our administration by the standards existing in the United States, his deductions may safely be ignored.

I do not know who Miss Barnard is. If, however, she is speaking of prisoners in Canadian gaols, she is simply trifling with the truth.

I have had nearly thirty years experience exclusively in the administration of criminal law in Canada, and it is just possible that neither Mr. Jacobs, Mr. Untermeyer nor Miss Barnard is more qualified to speak on the subject of the administration of justice in Canada than I am, and I have no hesitation in stating that the allegation or suggestion that any considerable number of prisoners in our prisons are innocent or are there for lack of efficient counsel, is not only wide of the truth, but is extravagant nonsense.

During my long and intimate connection with the administration of criminal law, I have known of only three instances of innocent persons being convicted. Two of these were defended by R. A. Bonnar, K.C., whose reputation as a defence lawyer is second to none in Canada, and the other by R. M. Dennistoun, K.C., now a member of the Court of Appeal of Manitoba. One of those convictions was quashed on appeal. In one case, the day the Crown Prosecutor became aware that the conviction was based upon perjury, he took steps to secure a pardon, the time for appealing having elapsed. In the third case, the trial judge, feeling that while the verdict of guilty of rape could not be supported, imposed the sentence he would have imposed had the proper verdict of carnal knowledge of a girl under age been returned.

I have stated that I am in favour of the institution of the office of Public Defender, but not because I believe that fewer innocent persons will be convicted, but because I believe that fewer guilty men will escape and that fewer trials will take place.

Where a thorough investigation of all cases is made both on behalf of the Crown and of the accused many cases in which the accused is discharged on preliminary enquiry and many which are dismissed on trial, would never be heard in Court at all. On the other hand many cases which are fought in the hope of an acquittal being obtained on technical grounds or on some ground that does not go to the actual guilt or innocence of the accused would be disposed of by a plea of guilty at the earliest opportunity.

For some years, when I was Crown Prosecutor of the City of Winnipeg, a certain counsel here, enjoying a large practise in the criminal courts, made it a practise to come to me and discuss his cases frankly. Each of us gave the other a full and frank statement of the evidence available, and, because each of us had confidence in the other, I entered stays and he pleas of guilty in scores of cases that would otherwise have gone to trial.

My conception of the office of Public Defender is, I think, almost, if not quite, identical with that of Mr. Jacobs—an official who would owe a duty to the State equal to his duty to the accused.

I do regret that Mr. Jacobs should have based his contention, for what will be a splendid improvement, upon grounds so untenable.

I do not think that Mr. Card's objection with regard to the cost in money is well founded. The saving to the State in great diminution of trials would I think offset that. Nor do I think a large staff of investigators, parole officers, etc., necessary.

Once the idea of co-operation *for the welfare of society* between the offices of Crown Prosecutor and Public Defender is appreciated, I feel assured that the police force would willingly lend their assistance impartially to both.

I offer no apology for the length of this letter. The question is one of paramount importance. It is vital. Our whole system of criminal jurisprudence is in need of revision. It is archaic and in great measure has outlived its usefulness. There are many other reforms needed. Possibly, if one of those needed reforms, a provision for "discovery" in criminal cases, were accomplished, the need of a Public Defender would be lessened.

R. B. GRAHAM

John Henderson Haverson Passes

John Henderson Haverson died March 2nd following a short illness due to heart trouble. He was district registrar of the land titles office at Carman, Manitoba.

Born on December 13th, 1854, at MacDuff, Banffshire, England, he came with his family to Canada in 1866, and settled in Derby Township, Grey County, Ontario.

He came to Manitoba in 1882, located at Nelson and studied law in the office of J. B. McLaren. He was called to the Manitoba Bar in 1890 and resided in Carman, where he practised until 1914 when he was appointed registrar of the land titles office.

The late Mr. Haverson interested himself in municipal and community affairs. He was mayor of Carman a number of terms, chairman of the school board for some time and chairman of the hospital board for 25 years. He was an elder of the Presbyterian church for over 40 years and a Liberal in politics.

LEVELLING THE PEAK PERIODS
IN THE LEGAL OFFICE



It is not a small problem to organize the stenographic force so that lawyers may be efficiently, and at the same time economically served. Under the ordinary system of dictation, lawyers cannot dictate when they wish but are compelled to pile up the work and wait for a convenient dictation period. Thus peak, or rush, periods are created, work flows unevenly, time is wasted and often too much overhead is carried.

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CANADA'S NATIONAL STATUS AND

By Bram Thompson, K.C.

THE article which follows is considered by the publishers of BENCH AND BAR to be of sufficient importance to warrant the use of additional space in this issue. The writer is too well-known to need introduction and the subject-matter should be of interest to all members of the legal professions.

The opinions expressed in this as in other contributions to this paper are the writer's own and the columns of the paper are open to any who wish to take opposite or differing views. It is the policy of this paper, so far as is humanly possible, to take a neutral attitude on all matters of controversy and, at the same time, to provide a free forum for the discussion of questions of general legal interest.

No subject has had a more prolonged and persistent discussion in Canada than her Status within the Empire; and no Imperial Act for many a year has aroused so much interest and expectancy in Canada as the one which, after a long incubation has eventually emerged as "The Statute of Westminster." It received the King's assent on the 11th of December 1931.

It is quite as momentous for what it leaves in statu quo as for what it enacts; and already, I regret to say, it is being interpreted from the angle of what people expected rather than of what it actually reforms or concedes.

Immediately after the Imperial Conference 1926 had declared that there was an "Equality of Status" between Great Britain and the Dominions there was a demand for an Imperial Act affirmative of that status. But as Canada's claim to a National Status did not originate there, it is necessary to review the anterior events for some years in order to understand either the Declaration of the Imperial Conference, or the Status of Canada itself, or even the Statute of Westminster.

Controversy

The clamour for Nationality—for a National Status—arose in Canada immediately after the Great War.

The fraternities and chivalries which prevailed among the intra-Empire Allies were immense when the Peace Treaty and the Covenant of the League of Nations were being signed. So far as these Allies were concerned the only signature required was that of the King; but the representatives of all self-governing parts of the Empire which co-operated in the War were accorded the honour also of signing the famous instruments of Peace.

Hon. Lloyd George was the Executive hero of the War and of that transcendent event—the compact of Peace. Still in his glory, he shortly after that was in Canada; and in an oration declared that "the Covenant of the League of Nations is the Charter of Canada's new Nationhood." Then soaring away above that he pictured a scene of the British Empire transformed over-night into a "Commonwealth of Nations." Though all this was but the baseless fabric of a vision, Mr. Lloyd George, pandering merely to the political vanities of the time, passed it out as a reality, reiterated and disseminated it; and Canada, hot from the exhilarations of the War—enthused with the sense of achievements—caught up the sentiments; and, starting the cry for Nationhood, allied herself with the other self-governing entities of the Empire for the purpose of achieving it. Torrents of effusive oratory swept everywhere; protests against subordination and clamours for Nationhood were for years not only the battle-cry of factions but words on everybody's tongue. They were, too, the subjects of invective and of discussion in every forum, on every platform, and in Parliament Session after Session. One felt at times as if Britain were a despot and the towers and pillars of the Empire were toppling over.

At the Imperial Conference, 1923, the matter was shirked rather than discussed but some adjustments were made respecting other intra-Empire affairs. The cry against subordination and for Nationhood went on vehemently and then the Imperial Conference of 1926 hove in sight.

Imperial Conference, 1926

In the course of the years the agitation had developed into something like a frenzy. Expectations were high; and in the Conference there was quite a commotion. A committee of very eminent men, of whom Lord Balfour was Chairman, was appointed to examine and report on the subject of the British Empire Constitution and the subordination or Nationality of the Entities. Balfour and the committee knew that the self-governing Empire Entities could derive, and had derived, no accretion to their status from the League of Nations; nor could they derive it from any source short of the Crown and Imperial Parliament. They ignored the Hon. Lloyd George's fantastic illusion. But in their Report which received full acceptance of the Conference, they said: "the group composed of Great Britain and the Dominions are autonomous communities within the British Empire, equal in status, in no way subordinate one to another . . . Equality of status is the root principle governing our inter-Imperial relations. But the principles of equality appropriate to status do not universally extend to function."

For a philosophic glossary, as distinguished from a legal definition, of the position of the self-governing Entities nothing could be better than this, considering that the British constitution is undefinable and wholly unique. It is not a magazine of stereotyped dogmas, but it is a product of Institutional History; and, except in that form, it is unwritten.

Did the malcontents accept the statement of the Imperial Conference? No, No. They took a new base; and, abandoning the claim of mere Nationhood under the auspices of the League of Nations and Lloyd George's rhetorical effulgences, they concentrated their future efforts on securing from the Imperial Parliament a Declaration of the equality of the Parliament of Canada with that of Great Britain. This was an astounding flight.

What did "Equality of Status" mean? On its face it was an enigma. In its essence it was a philosophic theory. As an actuality it was non-existent. But to me who was then, and for seven years before that had been, struggling without a friend in either the Liberal or Conservative party for the Territorial Sovereignty of the Prairie Provinces over their Natural Resources which had been wrongfully appropriated to the Dominion by the Parliament of Canada, it meant that if there were a flat affirmance of the Equality of Canada's Parliament with that of Great Britain before the Resources had been restored, then the Parliament of Canada would promptly legalize what it had previously done; and for all time Manitoba, Saskatchewan and Alberta would be, as they in fact then were, not entities of the Federal Union at all, but subordinate areas to the Dominion.

Think of that! Think of Canada clamouring for equality with Britain within the Empire and, at the same time, subordinating one-half of the Dominion to the other half, contrary to the most fundamental principle of the B.N.A. Act 1867. The claim to Equality was a menace to Canada's own integrity; and it could not be conceded at all events until the rights of the West had been restored. I may say here they were restored in 1930 by an Agreement ratified by an Imperial Enactment.

Canada's True Status

During all this period of agitation and strife, the assumption was that, constitutionally, Canada was on a parity with the other self-governing entities of the Empire. Her most vehement advocates for Independence had never advanced any other doctrine, and her Courts had held that the Dominion was an aggregate or Federal Union of former Colonies with their identical powers divided up between two new legislative authorities. The word Dominion was an ornamental name, they said, for this aggregation of Colonies; and they carried their Status as Colonies but nothing more.

My expositions, at the time, of the internal relationships of the Federal and Provincial authorities centred around the value and effect of the B.N.A. Act 1867, and I came to the conclusion that the theory or dogma stated above was unsound. It had not a vestige of support.

Among other writings I published a Pamphlet in 1928 in which I set out these views:—

The Dominion of Canada was never at any time a Colony. It was a genus or species of Empire Entity or State designed to promote the new scheme or policy of Empire Government then being projected through the decentralizing of Imperial powers. Canada was the pioneer or first experiment of that policy which is still progressing. This new Entity—the Dominion of Canada—was a Nation within the orbit of the powers granted to it by the B.N.A. Act 1867.

If these views ever prevailed they had been submerged by the narrow constructions of constitutional writers and others.

How far even the draftsmen of the Act appreciated the constitutional effect of their work it is impossible to say. But Sir John A. Macdonald seems to have had clear views of the new policy of Empire development and possibly had the Act of 1867 framed in harmony with it. The evidence of this is that in the drafts of the Act the new Entity was designated a Kingdom. This was at first accepted, and it was only at the last moment that some bickering objection to it was made when he agreed to replace the offensive word Kingdom with Dominion. But that did not change the character and effect of the constituting Act itself; and ever since the word "Dominion" has not been merely a synonym for Colony but a definitive title for a Canadian Nation some of whose plenary or sovereign powers are withheld. It is a National *pro tanto;* and it had these attributes of a full Nation—a Queen in its own right; a Privy Council called the Queen's Privy Council who alone were to be her advisers; a Parliament of which the Queen was a named constituent; and Legislative powers which, within their orbit, were as full, ample, plenary and complete as the Imperial Parliament had possessed or could bestow them. They were not delegated but primal and original powers and with respect to them Canada was supreme.

This was the determination of the Privy Council in a series of decisions beginning in 1883; and all of them were reversive of prior judgments of the Supreme Court of Canada.

These Privy Coucil decisions settled the question of Canada's supremacy in her own domain. Through them Canada's National Status was beyond dispute. This was the very status, a pre-existent status, on which the Imperial Conference 1926 acted. It did not create or pretend to create any status. It assumed the status to exist, and it did exist in Canada all unknown to herself. But being obsessed with the ideals of equality the Conference attributed the same status, conventionally, to the self-governing Colonies which had all come to be called Dominions. None of them was a true Dominion except the Irish Free State whose Statesmen in 1921 insisted on a "Dominion status similar to that of Canada."

This view presented the Legislative and Governmental control of Canada ever since 1867 in two orbits:—

(a) AN INNER ORBIT being all conceded by the B.N.A. Act, 1867. Here Canada had a National status; was supreme; and Britain could not enter it constitutionally.

(b) AN OUTER ORBIT being all matters reserved or withheld. Here Britain was supreme, and Canada could not enter it constitutionally.

The decentralizing policy of the Empire, however, was that as the Dominion solidified, Canada's inner orbit would be expanded by the transfer to it of certain parts of Britain's outer orbit—extra territorial legislative powers for instance; and that eventually the two orbits becoming coterminous and co-extensive Canada would emerge into full Sovereign Nationhood without changing a single foundation stone of her original Constitution.

Retained in 1867

Now what were the powers appropriate to Canada's status which were withheld in 1867 or left to function *pro tempore* through the Imperial Parliament?

Merely the following:

(a) The power to repeal or alter English Statutory Law, applicable to Canada before 1867 or to enact anything contrary to such Statutory Law. (Canada of course, had absolute authority over the common or unwritten Law of England which is the fundamental Law of every Province of Canada except Quebec).

(b) The power to enact any Law with an extra-territorial operation; that is a Law to operate beyond the boundary of Canada. (This limitation was not in the Act but was imported into it through judicial interpretations in the Canadian Courts).

(c) The power to alter the B.N.A. Act 1867.

Except these—and any one can see they were wise limitations in 1867—Canada controlled all the rest. There was no element of subordination in her position; and what she really wanted was not an Imperial Statutory plaster or tag that she had an equality of status with Britain, but the removal of such of the limitations on her legislative powers as hampered or curtailed her autonomy. Largely she was crying for what she possessed.

All these views were advanced in the pamphlet referred to (1928); and whatever its effects may have been, it is certain that at the Imperial Conferences 1929-1930, discussions developed along the lines indicated in it; and the "Equality of Status" theories were discarded.

In these environments the Statute of Westminster evolved.

Statute of Westminster

This Statute is a clarifier and to some degree an extender of Canada's legislative powers, but not an amender of any fundamental of the B.N.A. Act 1867; and in minor details it places both Britain and Canada in their true relationships which had become somewhat confused in the mind of one as much as the other.

Briefly it removes the two limitations (a) and (b) mentioned above; and it gives Canada through its Parliment and Legislatures power to enact, each within its sphere as fixed by the B.N.A. Act 1867, such Statutory Law as it deems expedient regardless of old English Statutory Law.

It declares that the British Parliament shall in future enact no new Law for Canada except upon request. This merely is a statement of what had been the unvarying practice at all events since 1873 and what was moreover the recognized constitutional position.

These are the sum-total of the adjustments, and they certainly are far from revolutionary. None of them are fundamental.

In Statu Quo

As against the above the Statute of Westminster leaves the following as they had been:—

(a) The Empire; its constitution; and Britain's constitution.

(b) Canada's own Constitution under the B.N.A. Act 1867; but the functioning of her legislative powers has now an extra-territorial range.

(c) The authority of the Imperial Parliament over this Constitution and Act.

Privy Council Appeals

The Appeal to the Privy Council which is a very vexed problem in Canada is not mentioned.

If owing to the new authority to repeal or alter English Statutory Law contained in the Act an attempt should be made to abolish the Appeal, it is certain that the Parliament of Canada cannot do so except in respect of matters under its own jurisdiction both legislatively and administratively—the Criminal Law for instance. The right of Appeal is primarily a Provincial right; and the Provinces, if they wish to abolish it would require to do so individually by repealing the old British Statutes controlling and permitting it. The Dominion would require to follow the same course.

But though both Parliament and the Legislatures can, each in its own sphere, under Sections 2 and 7 of the Statute of Westminster repeal British Statutes so far as they are part of the Law in Canada, it by no means follows that they can repeal the Statutes regulating the Appeal to the Privy Council.

The appeal to the King in Council is not merely a Statutory right or personal privilege or a species of legal procedure. It pertains to the allegiance of the Subject on one hand, and to the Prerogative

THE STATUTE OF WESTMINSTER

and Sovereignty of the King on the other hand; and quite irrespective of Statutory Enactments it is inherent in the British or Empire Constitution and in the Constitution transmitted to Canada under the B.N.A. Act 1867. The Statute of Westminster does not touch Canada's Constitution according to Section 7; and any enactment by the Parliament of Canada prohibiting Appeals from the Supreme Court would only tend to drive litigants in the Provinces to the exercise of their right of Appeal direct to the Privy Council. In blocking the Appeals through one route, Parliament might flood the other route with them. *Cui bono?*

There is sure to be a royal fight over it. But I refrain at this juncture from discussing the problem further.

Comment and Critique

The Statute of Westminster makes no radical alteration of Canada's relationship to the King, or to the Empire. As no mention is made by it of Canada's Nationhood or of her Equality with Britain, the Status of Canada under the B.N.A. Act 1867 remains as it was; and the relationship of the Provinces to the Dominion is preserved intact.

The clarifications and adjustments made by the Act are commendable, but these parts of it are such as could readily have been procured almost at any time by a representation of their necessity in a proper attitude and spirit. Australia already had most of them.

It was the aim of leading British Statesmen for years — men like Lord Balfour, Lord Milner, Campbell-Bannerman—to equip with full autonomy the Dominion Entities of the Empire in harmony with the policy of decentralizing.

But the demands of the past 10 or 12 years in Canada though made, I believe, without ulterior design by the Government were heralded by certain sections of the Press and public as preludes to complete Independence. Every concession at the Conferences since 1923 was represented by these factionaries as advances to that goal. This gave even to desirable reforms a sinister aspect.

The Commonwealth Illusion

Even now, immediately after the passing of the Statute of Westminster, the effect of it is stated to be the disappearance or dissolution of the Empire and the creation of a "Commonwealth of Nations" who are to form an "Economic Union" in July, 1932. Here are strange confusions surely. There is nothing in the Statute of Westminster to justify these statements. The Statute assuredly sets up no "Commonwealth of Nations" as a political Entity either within, or without, or in substitution for, the British Empire. That Empire is still an integrity.

The phrase "Commonwealth of Nations" does not even occur in the Statute of Westminster except once in the preamble where it is used as an agglomerate phrase for designating the "autonomous communities" which are some of the Entities of the Empire. That phrase is not definitive of their Status and rights which are not agglomerate, but individualistic. These communities are not a composite Entity and they are not a Commonwealth in any legal or constitutional sense. As Entities of the Empire, they have among them no inter-dependence, and nothing in common, beyond the fact that they are all freely associated in the Empire of which one indivisible Crown is the symbol—a symbol which is common to them all, not in globo, but individually. That is the Empire's unique feature.

A Commonwealth is an agglomeration or consolidation of States under one Government or Parliament which in inter-National affairs represents them all. This is not only repugnant to the root principle of the British Empire but it is the direct antithesis of that individualism of its members which Britain has fostered, the Dominions have aimed to achieve, and the Statute of Westminster now makes clearer than ever before. Though not yet fully Sovereign they are Nations, free Nations, within the Empire fiscally, financially, and legislatively. To be that, and then to call them a Commonwealth is disparaging and dyslogistic in the extreme. Moreover it is false. A Commonwealth of Nations is a contradiction in terms. If they are a Commonwealth their individual Nationhood is submerged.

Now this "Economic Union"—What is it? It is another chimera. It is an ideal which has been relegated to the realm of the impossible by the very unfoldment of the Empire itself. It was a dominant idea with Lord North and George III; but the British Empire having steadily for years developed along the lines of decentralization the conception of an "Economic Union" is now purely anachronistic.

No "Economic Union" would be possible now short of reconstructing the Empire's Constitution, and recentralizing its control in matters fiscal as well as financial. To talk of that is transcendentalism in an Empire of free Nations. Then why obscure—why distort the truth of things by jingling phraseologies?

The Conference to be held in Ottawa in July, 1932, is not a Conference of a Commonwealth of Nations, but an Inter-Imperial Conference of all Parts of the Empire. Its work is not to form an "Economic Union" but to devise a new system of trade relationships between the various Entities of the Empire each of which is free from the domination or control of the rest.

It will be the first occasion in the history of the Empire since 1846 when Britain with her sister States can freely sit around a table and formulate schemes or plans for the flow of trade and commerce between and among them on principles of mutual and reciprocal advantage to each of them and incidentally to the aggregate Empire. With principles dominant and men responsive the Conference will surely eventuate *pro patria* et *pro imperio*.

THE EDITOR'S MAIL BAG

RE THE PUBLIC DEFENDER

We have again a rather slim Mail Bag for this month. Elsewhere in the paper will be found a letter on the subject of the Public Defender. We recommend it to our readers. It is not without significance that the writer, a magistrate of experience, is in favour of the creation of such an official but not for the reasons urged by some of its advocates. The correspondence to date has brought up the following main points. For the affirmative:—The establishment of a Public Defender would assure an innocent accused of proper counsel; it would prevent needless trials of guilty accused. For the negative: — The proposed office is a needless additional burden on the tax-payer; an innocent accused has all the protection he needs under the present system and the guilty accused deserves no sympathy.

The point should be clearly understood and needs no elaborate development. The attitude of a judiciary with exceptions too rare to be worth notice, is dispassionate and fair. Our system of appointment relieves them from political pressure which is simply another name, in many cases, for mob hysteria. Moreover, it can be safely said that the "Scalp-hunter" type of prosecutor is equally rare, if, indeed, he exists at all outside of the studios of Hollywood. Let a Crown Attorney acquire a reputation for brutality and his chances of obtaining convictions are immediately diminished.

BANKRUPT DIVIDEND

One amusing document was sent to our office. With necessary deletions and changes, it reads as follows:—To X Bros., Re John X. Mr. X. has paid the undersigned the sum of $18.00 being the instalment for the month of March to be distributed pro rata among his creditors. Your share is 13 cts. You can leave this with the writer until there is a substantial amount on hand when it will be forwarded to you, or you may call for it at any time at the writer's office in the Blank Building, Smithville.

The amount of your dividend is admittedly small, but you are at least getting something instead of nothing and you have the assurance that all creditors are being treated alike. Furthermore Mr. X. has promised to endeavour to increase the amount of his monthly instalments as soon as possible. Yours truly, A. B., Smithville.

We wonder with what feelings the fortunate (?) creditor received his dividend. At that, he was fortunate! He can buy a cup of coffee to refresh himself and have enough left over to pay the postage on a letter of thanks. It may be scandal but we have heard of trustees who boast of never paying any dividends. Perhaps this is one of the causes of dissatisfaction with the present system of handling bankruptcies. Some method can surely be found by which an insolvent's assets are really distributed among his creditors and are not gobbled up by court costs and trustees.

TWO GENERATIONS IN PRACTICE 110 YEARS

The Editor, BENCH AND BAR.

Dear Sir:—

Your issue of March 1st, 1932 contains a reference to Osgoode Hall, Toronto. It may be of interest to you to know that John Rolph a Bencher in 1824 has a son T. T. Rolph, who commenced in a law office before his father's death, and is still practising in Toronto, making a term of some 110 years for the two generations. I thought I was well in the lead in that my father and I have had our names continuously on the list at Osgoode Hall for 85 years, but the Rolph record is some 25 years longer.

Yours truly,
JAS. R. ROAF

FINE OFFICE EQUIPMENT



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THE FIRST LAW SCHOOL IN CANADA

By the Hon. Mr. Justice William Renwick Riddell

The first Law School at Osgoode Hall was established by the Law Society of Upper Canada, beginning operations in October, 1873. Continuing until June, 1878, it was abolished, only to be restored as from December, 1881, and continued from time to time until 1889, when it was established upon a permanent basis—much to the discontent of some country practitioners, who saw themselves deprived of the services of their Articled Clerks, just as they were becoming of some use to them. The School building at Osgoode Hall became the home of the School in 1892—long may it continue to be so.

But many years before Osgoode Hall was thought of, and before its eponymous William Osgoode was born, there was in Canada a Law School, useful in its day, but of short life and now quite forgotten, except by those inveterate delvers into the past, who continue to cumber the earth.

The story is told by the very learned and diligent Archivist of the Province of Quebec, M. Pierre-Georges Roy, in the recent publication of his Department, *La Ville de Québec sous le Régime Francais*, —Quebec, 1930, Vol. II., pp. 133, 4.

To avoid misapprehension, something should first be said of the legal condition of Nouvelle France at the time—and that is given us in lucid and accurate form in a brochure, *The Bench and Bar of Quebec*, by the Honourable Mr. Justice Surveyer and Miss Heneker (published in 1931)—both of these authorities will be found in the Riddell Canadian Library at Osgoode Hall, and both are eminently well worth consulting.

From the earliest times of the Colony, and certainly as early as 1540, the Governor, the Viceroy and Lieutenant-General of the King of France had the power to make and enforce laws, as well as to punish, even to punish with death; in 1603, the Governor was directed to act "with the advice of prudent and able men," and so was formed a kind of Council; this Council sitting in 1608, with Champlain at its head, condemned to death one Jean Duval, who had plotted the death of Champlain, and Duval, the same day, was duly hanged and strangled. This was the first execution in the colony except that of one Michel Gaillon, at Charlesbourg-Royale, in 1542, for stealing.

The first regular Court of Justice was established by Champlain under his Commission of 1612, a Court afterwards known as the Prévôté of Quebec, which, abolished in 1674, was re-established in 1677; afterwards, similar Courts were established in Montreal, 1693, and Three Rivers, from all of which an appeal lay to the Sovereign Council, established in 1663 with full legislative and judicial powers. This became the Superior Council in 1703, and in that name though with a constitution somewhat changed from time to time, it subsisted until the Conquest. One of its members was the Attorney-General, but there were no lawyers pleading, the parties appearing in person or by attorney. Indeed, an official Report of the Superior Council in 1678 had a note that the admission of advocates to the colony would be greatly prejudicial—as this was approved by the King (Louis XIV.), the legal profession was excluded from Nouvelle France—this prohibition was renewed in 1746.

It is no great wonder, then that when the Attorney-General, Mathieu-Bennoit Collet, in 1717, "wished to have a Law School at Quebec—his plan failed for want of students."

Did not space forbid, I should be tempted to digress here, and speak at length of Procureur-Général Collet, and his services to Canada. It must suffice to say that from the time of his appointment in 1712 until his death in 1727, he was constant in his earnest endeavours to improve matters in the Courts and Notariate in the Colony; we find him urging reforms even when visiting the Home Land in 1717. It is worth while for anyone interested in such matters to read the account of his activities to be found in J.-Edmond Roy's excellent *Histoire du Notariat au Canada*, Vol. I., cap. 29, pp. 280, sqq. That his efforts were not more successful was no fault of his. But I must leave Collet, interesting as the subject is.

While lawyers as a profession were excluded from the Colony, still there was room for some at least—some of the members of the Council were expected to know something of law, certainly the Attorney-General, who was usually a member of the Bar of Paris; and when, in 1742, it was decided that a number of "Assessors" not exceeding four, might be appointed on the Council, a knowledge of law was a desideratum in these.

And, now it is time to speak of the First Law School in Canada—which was, at the same time, the first Law School on this Continent.

Louis-Guillaume Verrier, a member of the Bar of Paris, was in 1728, on the death of Collet, in 1727, appointed to succeed him as Procureur-Général of the Superior Council; he belonged to a family of gentlemen of the Long Robe, his father and maternal grandfather M. Thebault, both being members of the profession, Procureurs of the Parliament of Paris; he, himself, studied under the somewhat celebrated Professor Germain, and was admitted to the Bar of Paris, August 8, 1712, at the age of 22—he therefore had sixteen years of practice before coming to Canada.

He arrived at Quebec in September, 1728, and held once there until his death in 1758. He continued the reorganization of the Colony in its legal administration; and also investigated some of the titles to land in the Colony.

His activity was quite as great as, and his success, apparently, greater than that of his predecessor, Collet; but I must not dilate upon these—those interested will find a full account in J.-Edmond Roy, *op. cit.*, caps. 31, 32, pp. 302, *sqq*.

But his greatest title to be remembered, *me judice*, is that he established the first Law School in the country, or, indeed, on this Continent. As he wrote to the Minister at Paris, "I have no other ambition than to devote without reserve, every moment of my life to the public good." In the giving of instruction in the laws of his country, he was undoubtedly doing admirable work for it. He was eminently successful; few Canadian youths could cross the Atlantic to take advantage of the lectures in the University of Paris or other School of Law in France, and he found eager listeners in not only the youth, but also in those of more mature years, who for various reasons, desired to know something of the laws by which they were governed. At first, he lectured once a week; but that was found insufficient for the ardent students, and he lectured Thursdays and Saturdays.

We find his lectures spoken of in the highest terms by the Governors in official communications with the Home authorities; and the main, if not the only, purpose of the lectures, namely, to train for the position of Councillor or Assessor of the Council, was met so well that the Minister was asked to choose for these positions from those who had followed his lessons with the greatest attention. To this request, the Minister acceded, and in 1753, he wrote Verrier that he undertook, thereafter to give the preference in appointments to the Council, to those who had taken his lectures and also in appointments to the Assessorship.

He carried on his work in this regard until his death in 1758; but his School died with him, *valde deflenda*.

He had no successor as Procureur-General, but Joseph Pertuis, whose short term of office came to an end with the Conquest in 1759.

As some indication of the kind of man Verrier was, it may be mentioned that he left behind him a library of some four thousand volumes, which were disposed of by auction. (It may be remembered that the library of our first Attorney-General, John White, who found his death in a duel, early in 1800, was also sold at auction; the Law Society of Upper Canada, then not three years old, intended to acquire these books; but for some reason, probably *res angusta domi*, failed to do so.)

THE following article appeared in OBITER DICTA (the organ of the Students at Osgoode Hall) of January 15, 1931. Its republication, as of great interest to the Profession, in BENCH AND BAR, having been suggested by the Honourable Mr. Justice Surveyer of Montreal, we applied to the original publishers, who most courteously gave us full permission to make use of it—a few additions have been made by the author.—Editor, BENCH AND BAR.

MORTGAGE LOANS IN MANITOBA

(Continued from page 5)

paid or some acknowledgment in writing signed, and in such case no action shall be brought but within ten years after the last payment or acknowledgment.

No arrears of rent, or of interest in respect of money charged upon land shall be recovered by any proceeding but within six years next after a present right to recover the same accrued unless within such six years some part of the arrears has been paid or some acknowledgment in writing signed, and in such case no proceedings shall be taken but within six years after the last payment or acknowledgment.

No foreclosure proceedings shall be taken but within ten years next after the time at which the right to do so first accrued unless within such ten years a person bound or entitled to make payment pays part of the principal or interest or gives a signed acknowledgment in writing and in such case no foreclosure proceedings shall be brought but within ten years after the last payment or acknowledgment.

See, however, Section 117 of The Real Property Act.

Relief From Acceleration

Section 60 of The King's Bench Act, S.M., 1931, c. 6 and other legislation to which there is cross-reference thereunder, provide for suspension of actions and proceedings under mortgages upon payment of such an amount that were it not for the acceleration clause there would not be for the time being any further payments due.

Principal and Surety

A mortgagor who has sold the land to a purchaser who has agreed with him to pay the mortgage is not a mere surety to the mortgagee even where the latter has entered into an extension agreement with and therein obtained the covenant of the purchaser: Alloway and Champion, Limited v. Stephenson (1927), 36 Man. L.R. 536, C.A.

Giving time to a principal debtor or dealing with or altering the security, does not of itself discharge a surety; in such cases a surety is entitled to set up the same as a defence, but the defence is allowed only in so far as the surety has been prejudiced: The Mercantile Law Amendment Act, S.M., 1931, c. 34, s. 4.

Deceased's Estates

On the administration of the estate of a deceased in case of a deficiency of assets, a mortgagee creditor in proving his claim shall put a specified value on his security. The personal representative may then either consent to the mortgagee ranking for the claim, less such valuation, or require an assignment of the security at an advance of ten per cent. upon the specified value to be paid as soon as the personal representative has realized the security; and the difference between the value at which the security is retained or taken, as the case may be, and the amount of the claim shall be the amount for which the mortgagee shall rank pari passu upon the estate. The Trustee Act, s. 58.

Notice or Bonus

Where default has been made in payment of any principal, payment thereof may be made within three months after the due date, without notice or bonus. After that period three months' additional interest as bonus or three months' notice in writing are necessary. In the case of a mortgage which does not mature within five years from its date, then, after the five years, it may be prepaid at any time with three months' additional interest in lieu of notice: S.M., 1914, c. 63, amending The Mortgage Act; The Interest Act, R.S.C., 1927, s. 10.

Annual Returns, Etc.

The Loan and Trust Corporations Act, C.A., 1924, c. 36, contains regulations in regard to annual audits and returns to the Provincial Secretary by such corporations and in regard also to guaranteed investment certificates of trust companies. Another statute respecting audits, returns, etc., is The Loan Companies Act, R.S.C., 1927, c. 28; and under s. 77 thereof no parcel of land acquired by any company to which it relates and not required for its actual use or held as security shall be held by the company or by any trustee on its behalf for more than seven years. A parcel held for a longer period than seven years shall be forfeited to the Crown; but the Governor-in-Council may extend the period from time to time, not exceeding in the whole twelve years, and no such forfeiture shall take effect before the lapse of at least six calendar months after notice is given in writing to the company of the intention of the Crown to claim it.

Winnipeg, R. B. MACINNES.
29th Dec., 1931.

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THERE'S ALWAYS THE PRESUMPTION

A stranger alighted from a train at a certain hustling town in the West and headed upstreet. He met a man who looked like a native and buttonholed him.

"Pardon me," he asked, "are you a resident of this town?"

"I am, sir," replied the native. "Can I serve you in any way?"

"I am looking for a criminal lawyer," replied the stranger. "Have you one here?"

"Well," replied the native after a moment, "we think we have, but we can't prove that he is."

CONFUSION CONFOUNDED

Confused Shopper: "I want a pair of spec-rimmed hornicles—I mean sporn-rimmed hecticles—dash it! I mean heck-rimmed spornicles—"

Polite Floor-Walker: "I know what you mean, sir. Mr. Brown, show the gentleman a pair of rim-sporned hectacles."

Defendant (in loud voice)—Justice, justice. I demand justice.

Judge (rapping for order)—The defendant will please remember he is in a courtroom.

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TUESDAY, APRIL 12, 1932.

THE BUDGET AND THE INCOME TAX

WHILE the budget may not be an occasion for cheers and shouts of joy it may still be hailed with a sigh of relief. The country accepts it in a spirit of Christian resignation. It could have been a great deal worse.

The nuisance taxes are back with us but these may be regarded as fleas on the dog which annoy him, perhaps, but keep him from brooding. The nuisance taxes are nothing new in our lives. We have had them all before except the ice cream tax which reminds us that ice cream soda is a national weakness which should pay its way as strong drink does, and the telephone and radio taxes which will act as a deterrent on long-winded conversations. We make a guess that the next time we ring up long distance we shall not have to wait for our call. The wire will not be crowded.

The tax of most general interest is the income tax, also no stranger. The income tax bobs up and down—the exemption has been as low as two thousand for married persons and one thousand for unmarried and as high as three thousand and fifteen hundred respectively—but it sticks with us. Since we are not able to lose it Finance Minister Rhodes does the best he can with the exemptions by taking a middle course between high and low, which seems not unreasonable. We foresee that the income tax will remain about where it is for some years to come, and if there is any change it will be for the worse.

* * *

The income tax is not so much a legacy of the war as a legacy of the Treaty of Versailles which made peace more permanently expensive than war. It is essentially a pernicious tax because it saps the source of all other taxes.

It encourages Governments to be lazy, to rid themselves of intricate problems of arithmetic, and go straight to the spot where the money is to be found hanging from the bushes. It is much simpler, for instance, than a well-balanced tariff. It is so easy, in fact, that everybody is doing it and some unfortunate taxpayers are now in the position of paying three times—once to the federal government, once to the provincial government, and once to the municipality. Sometimes, to be sure, the municipality does not exercise its privilege of picking a pocket of its last cent but this is probably because the pocket has been scooped clean already.

The income tax is the last straw which suggests to the long-suffering camel that he may have too much on his back and set him thinking how to dump the load. Obviously the way to lighten the burden is to kick free of some of the extravagances which make income tax inevitable. As the chief extravagance is the cost of government it follows that either costs must be cut or some of the government must go—perhaps both. It is absurd that in a country of ten million people there should be ten separate governments demanding their pound of flesh, not to mention the countless little ones each sucking its drop of blood.

* * *

From time to time provincial mergers have been broached but these, as one might expect, have not been welcomed by the crowd of job holders who fatten on the present unhealthy state of affairs. Sooner or later, however, these mergers must come about if Canada is to weather the storm. It may even happen that the Federal Government, which is the most expensive government of all, will disappear, in which case there would be a tariff union of the provinces, with a Board of Control for national matters; or the provincial governments will disappear and one central government, much smaller than the overstuffed thing at Ottawa today, will do all the business.

Meanwhile the Bennett Government is to be commended for its moderation. The rules of the game being what they are, it is hard to see what better could have been done. When the rules of the game are changed—which they are bound to be—we may expect thrift and retrenchment to assume at least equal importance with borrowing, of which we have already had enough, and with taxes, which have just about gone the limit.

As a starter on the road to reform every government should get this into its head—that the people do not exist first and last to be taxed, but to be made happy and contented. Also that elected persons have no right to spend the people's money any more carelessly than they would their own. Also that civil service drones and office-holding supernumeraries must get off the people's backs.

THE FATTEST SOURCE OF REVENUE

IF you were to invest half a million dollars in a business and in four years and five months made a profit from that business of $43,182,780, wouldn't you think you had struck a bonanza, or whatever the word is that expresses the ultimate in dreams of wealth?

Well, those are the actual figures as to what the Ontario Government has done in connection with the liquor business. Even with last year's restricted demand the net profits for the 12 months amounted to eight and a half million dollars.

We showed recently that in the ten years of its operations the Quebec Liquor Commission had paid in profits to the Provincial Government over $63,000,000 and in taxes to the Federal Government over $76,000,000.

On that basis Ontario must have paid over $50,000,000 to the Dominion Government in addition to the $43,000,000 profits it has made.

Here we have a total revenue to the Dominion Government and to the two provincial governments of over $232,000,000—all from ten years liquor trading by Quebec and four and a half year's liquor trading by Ontario.

No wonder the private booze barons of the United States maintain their own armies in defence of their territories against rivals and are themselves among the staunchest advocates of prohibition.

125018

Bram Thompson, M.A., K.C.

BARRISTER & SOLICITOR

PHONE 5807

EXPERT IN CONSTITUTIONAL, CORPORATION AND COMPANY LAW.

506 NORTHERN CROWN BLDG., REGINA CANADA

April 30, 1932.

Right Hon. Senator Arthur Meighen, P.C.,
Parliament Buildings,
Ottawa, Canada.

Dear Senator Meighen:-

I am writing this letter to you in the hope-and indeed with the request-that you will bring it or the subject of it before the Right Hon. Premier Bennett.

I am reluctant to write him direct only because I realize the absorbing nature of his duties just now; and if what I am about to say commends itself to you, you can place it before the Premier. If you think the matter should be left alone, then do not bother him. I am content with your decision. But I will feel I have discharged a duty.

The subject on which I write is an Income Tax Act passed at the last Session of the Saskatchewan Legislature. It is new to this Province. The men in the Government are -to say the very least-also without experience; and they passed this Act through the Legislature as a piece of

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ordinary Legislation.

It not only imposes a new tax but it is a distinct Money Bill; and you know the Constitutional limitations and restrictions upon the origination and passing of Money Bills. The rules of procedure in the Federal House are practically the rules or Standing Orders of the British House of Commons; and in both Houses they are rigidly adhered to. They are essentials of the Constitution.

Similar rules exist in the Legislature of Saskatchewan; but in introducing and passing this Income Tax Act they have been utterly ignored by the Government. The Act and the Tax imposed by it are in my opinion ultra vires and void.

In a communication which I made to the Press in March last, I drew the attention of the Government to the special ritual necessary for Money Bills. That was a timely warning. Nothing had then been done.

Four or five of the Cabinet are Lawyers of the small type; and they assume that because they are Lawyers, they know. The type must be familiar to yourself. When I began and carried on that great conflict for our Resources, I was boycotted by the Liberals; and never could get any assistance or encouragement even from these very men now in the Provincial Cabinet as Conservatives.

I stood apart and fought alone and won the battle most of which was waged with the Liberal Party and Premier King. Finding I was making headway in the East the

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Provincial Liberal Government after Dunning went out, got a detailed opinion from me; and at the Dominion-Provincial Conference of 1927 turned right-about-face and adopted and avowed their support of my views. That did not change me politically. But when asked I rendered them such legal service and gave such legal advice as they required. Why should'nt I? I was devoted to the Province and even more so to the Federal Union; and I felt both were wronged by the retention of the Resources. As a legal Expert, I went on one occasion to a Conference at Ottawa in February 1929. That was the last time I saw you-on my way home here; and the day previous to the Conference the House of Commons on a motion of the Conservative Party passed a resolution for restoring the Land with reasonable compensation. That was endorsing my work of 10 years.

The battle was then practically won. Only details remained to be adjusted.

Nothing more was done by the Provincial Liberal party; and at a general Election on June 1929 a combination of Conservative and Progressives ousted them.

That is how we have a "Cooperative Government", since October 1929. About 10 Progressive run the show, and they have run the Conservatives into many muck holes. Anderson however could not carry on without them. He has only 24, and the Liberals 28. The 10 Progressives give

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Anderson a precarious majority of six. He is driven by a spur, and the Conservative party have degenerated in his hands.

On request, I cooperated with them from October 1929 till the following March; wrote for them their diplomatic communications with the Federal Government; and was their Expert Legal Adviser till they got the final offer for adjustment from Premier King.

Having got that offer they proceeded to prepare the Agreement themselves, and made a terrible bungle of it. For instance they left out our Waters through purely stupid draftsmanship; and these waters still remain under Dominion control. I did everything possible to convince the Government of their error. Nominally I was their Legal Adviser; but they would not listen to anything. Premier Bennett himself as leader of the opposition on the 28, 29 and 30 of April 1930 drew attention in the House of Commons to this flagitious bungle about the Waters. His remarks are reported in Hansard on the discussion of the Resources Agreement.

Our divergence of views produced an estrangement between the Government and me; but my only reason for referring to it now is to let you see why I could not go to them and tell them the bungle they were making of their Money Bill.

It will not be long before another Election has to

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be held. The Conservative party proper have fallen away from the Cooperative Government; and I question very much if a single man of them-the Cabinet Ministers I mean-could get re-elected as a Conservative.

There is strong talk of deposing Anderson from the Leadership of the party and of replacing him, as Premier with another; and some have asked me. But candidly I am not the young frisky fellow I was a few years ago; and moreover I am far ~~of~~ more/a of real Lawyer than of a politician except when a big question arises like the one that confronts the Federal Government now-the Empire Economic adjustment.

By the way, I have a pamphlet in print on this very subject; and will of course send you a copy in a few days.

NOW TO RETURN TO THE MONEY BILL OF SASKATCHEWAN.

If the Act is contested-and I feel sure it will be-it will be held ultra vires; and that would reflect terribly against the whole Conservative party. It would moreover be the final straw to overwhelm Anderson's Cooperative Government. Its other bunglings particularly in legal matters have brought it into high disrepute. Everything of a legal character it has touched, it has bungled.

THE LEGAL ASPECTS OF THIS MONEY BILL ARE THESE:

Under Sections 54 and 90 of the B.N.A. Act 1867 before any legislative authority can come into operation there is a condition precedent which must be performed.

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In this case it has been ignored. No request for this supply was made by the Crown, and no prior recommendation of the new Income Tax or of the Bill to impose it was made by the Crown; and in the words of Section 54, the Act itself is "unlawful". Section 39 of the Legislative Assembly Act Saskatchewan has a clause identical with Section 54 above. All have been ignored.

The Act was introduced, and passed through, apparently as an afterthought just as if it had been an Act to make a piece of a road. The Statutes I refer to, show that I am not quibbling about rules of procedure merely.

My suggestion is to avert disaster by the Federal Government disallowing the Income Tax Act. But before doing this, the full facts should be placed before the Minister of Justice so that he can advise on the Constitutionality of my contention. I do not suggest for a moment that my ipse dixit should be accepted by the Government. My proposal is made to save the general Conservative party from being involved in this last disgrace of an incompetent Provincial Government who have degenerated into tools of a minority cleque which holds control.

The returns of the Income Tax have to be made before the end of May; and once they are out a combination of Liberals may bring the Act before the Court quickly.

A wire from the Minister of Justice could get from the Attorney General here all the information about the Crown's

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recommendation and the stages of the Bill including the resolution of the "Committee of the whole" where every tax or proposal to impose it must originate. This is the rule in the Federal House as well. No such resolution passed here.

There would be high exultation if this Act were levelled down by the Courts as ultra vires. This time last year the Compulsory Pool Act was so levelled down. An "Adjustment of Debts Act" just passed is likely to be assailed on the ground that it is "Insolvency Law" and nothing else; and therefore ultra vires.

A disallowance of the Income Tax Act would be a master stroke if the Federal Government is satisfied that there is even a "doubt of its legality". It would be terrible to collect under it and then find that the tax was illegal and no more than an autocratic extortion by a Government which claims to be preponderantly Conservative.

Yours sincerely,

BT/HH

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Ottawa, May 3rd, 1932.

Dear Mr. Thompson,-

I have just received your letter of the 20th ultimo, which I read with care and very great interest.

It is to me difficult to understand why the required steps were not taken (if they were not) preparatory to the legislation which you discuss. As to the laying of the matter, with which you provide me, before the Prime Minister, I think I should point out that I do not feel that this should be done unless he is free to submit the matter to the Government of the Province for its comments. I am not saying that he would adopt this method of having the enquiry made, but it would seem to me that he should be free to do so. The same remarks would apply to my submitting the matter to the Minister of Justice. I would judge from your letter that you would have no objection to either of them doing this, but I thought I should make certain before taking the step.

I will be pleased, indeed, to see the pamphlet which you have prepared regarding the Economic Conference.

With best regards, believe me,

Yours very truly,

Bram Thompson, Esq., K.C.,
506 Northern Crown Building,
Regina, Sask.

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EXPERT IN CONSTITUTIONAL, CORPORATION AND COMPANY LAW.

506 NORTHERN CROWN BLDG.,
REGINA
CANADA

May 7, 1932.

Right Hon. Senator Arthur Meighen,
Parliament Buildings,
Ottawa, Canada.

Dear Senator Meighen:-

I am obliged for your letter of the 3rd instant. I have wired you briefly; but just before commencing this letter my attention has been drawn to a lengthy write-up in the Moose Jaw Times of yesterday regarding the illegality of the Income Tax Act. I enclose you a cutting from the paper. I have also had placed before me the Leader-Post of this date in which an explanation is attempted to be given of the irregularity in carrying the Act through the Legislature. The Attorney General at present is gone East and this explanation apparently comes from the clerk of the Legislature.

When I wrote you first I had some knowledge that there was an intention to make political capital out of this affair and that was the reason why I desired the Government to act upon its power of disallowance after it had been satisfied that there was a radical blunder.

This write-up in the Moose Jaw Times is evidently the work of some profuse reporter and he has culled everything from all sources and written them up in a conglomerate mess.

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I am sorry to trouble you with all the matter; but this material I am sending you now will be of immediate value to the Minister of Justice whose duty it will be to advise the Government.

The explanation in the Leader-Post given on behalf of the Attorney General is the explanation of a man who does not understand the real foundations of the bungle; and I might say the same thing with regard to the long report in the Moose Jaw paper unfolding the irregularities.

I was intending to discuss the matter in the public press but not until after the Federal Government had decided, either to act or not to act. I enclose you one or two extracts out of the Article which I intended to write. It is stayed of course until I hear from you. I wrote it fully a fortnight ago but did not see my way to publish it.

I think these extracts will assist you, particularly those on page two.

A new tax or vote of money does not become the subject of new Legislation and cannot be embodied in any Bill until it has first of all been discussed and assented to by the representatives of the people assembled in a capacity entirely distinct from their legislative capacity. Such an assembly is generally called a Committee of Supply or of Ways and Means consisting of the whole House. But they are not part of the House, for the time being; and a vote against the Government in the Committee would not be in the nature of a vote of censure or condemnation. It is the resolution that forms;

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afterwards, the basis of the Bill designed solely to give a legal status to the obligation of the people to pay a tax or vote a sum of money to the Crown in accordance with the terms of the resolution.

In this case the Income Tax Bill was introduced in the ordinary way. The subject matter of it was not voted upon by the representatives of the people and when it came before the Legislature it was without a legal basis. The Bill undoubtedly was referred to a Committee on Bills in the ordinary way; and it was about that time that the Attorney General made some statement that the Bill had the recommendation of the Lieutenant Governor. But the recommendation should have been given before the resolution to vote the Tax was brought before the Committee of Supply which was the indispensable preliminary to any Bill.

It would be a terrible thing if this Income Tax which is obnoxious to all the people at present were collected in the course of the next few months and then a decision given that the Act was illegal. That would be the triumph of one party here, and it would attach to them larg sections of people.

These are matters, however, which I would much rather discuss with you personally-or the Premier for thatmatter-because they involve so much and are really so complicated.

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I would ask you, however, to let me know whether the Government will act or not act; and then I am free to enter the field and prove the weakness both of the attack and of the defense and show that the real illegality of the Income Tax Act lies entirely outside the purview of both the contestants.

With kind regards.

Yours very truly.

Grant Hamp

BT/HH

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CANADA

125030

EXTRACTS

The Government of Saskatchewan seem to be sublimely oblivious of the fact that the People are the source of their power; and that the people are safeguarded from tyrannic exactions by the Constitution, the Magna Charta, the Bill of Rights and by a long series of Imperial Legislation going back for hundreds of years in which the erstwhile exactions of autocratic Sovereigns were proscribed and replaced by money grants of the People voluntarily made by themselves for meeting the prescribed expenditures of the Crown or the Nation. We have in Saskatchewan that Constitution and all those Acts; and we have moreover the B.N.A. Act 1867 and the Statute defining the powers of the Legislature of Saskatchewan. They are all in unison. In Saskatchewan they have been observed until this Cooperative Government, so preponderant as it is with Lawyers, dashed recklessly through them all; and, defying and ignoring them -ignoring even the Standing Orders of the Legislative Assembly itself relating to Tax and Money Bills-autocratically imposed this new tax on the People without their anterior vote or sanction.

Even if the People were willing to bear the tax and their representatives had authority to vote for it, yet it had to be imposed legally in accordance with the Constitutional requirements. Otherwise it is an extortionate exaction.

. . . . . .

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Contrary to what is a generally accepted notion, no Parliament either in Canada or Britain or elsewhere in the British Empire has an inherent authority to tax the people; that is to introduce a Bill imposing a tax, pass it through its stages, and get to it the assent of the Crown or Governor. Such an Act as well as the Tax imposed by it would be null and void.

The taxation authority of the Legislature as well as the legality of all taxes imposed depends upon a cooperative action by the Crown and the People before any Bill is introduced into the Legislature. That was the essence of the Great Revolution of 250 years ago. Since that event, neither the Sovereign nor Parliament could tax the people autocratically. The People had first to grant or assent to any tax or imposition or expenditure of Public money by vote or resolution before any Bill of taxation or money Bill could enter the House. That principle has never been departed from till the Anderson Government played the trick of circumventing it; and the Minister of Finance who happens also to be the Attorney General introduced and got passed in the Legislature of 1932 a new Income Tax Act as if it has been an Act relating to Motor Car Licences. Oh shades of Oliver Cromwell!

. . . . . .

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Without animadverting further on the psychology of the Cooperative Government, I wish to state in a nut-shell that the authority of the Legislature to Impose a tax by statute is dependent on a condition precedent; That condition is the voting or granting of the Tax or money in an assemblage, outside the Legislature altogether, of the People's representatives in the form of a Resolution submitted to them by a Minister of the Crown and recommended to them by a message from the Lieutenant Governor. Unless this has been done and the Resolution passed in favor of the Tax the Legislature has no authority whatever.

If the resolution is carried, then the Legislature may enact the tax exactly in conformity with the resolution or vote. But it cannot add to it in any way.

The Act of the Legislature merely gives a statutory sanction to an obligation which the people or their representative assembled together have undertaken with the Crown to grant it certain money or taxes which the Crown through its Minister had intimated to them that it requires and had recommended to their free discretion to grant or withhold.

In the case of the Income Tax there was no obligation. There was no resolution, no request from the Crown, and no grant. The Legislature just enacted the Tax and nobody is bound by the Act.

. . . . . .

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L 25034

Bram Thompson, M.A., K.C.

BARRISTER & SOLICITOR

PHONE 5807

EXPERT IN CONSTITUTIONAL, CORPORATION
AND COMPANY LAW.

506 NORTHERN CROWN BLDG.,
REGINA
CANADA

May 11, 1932.

Right Hon. Arthur Meighen,
Senator,
Parliament Buildings,
Ottawa, Canada.

Dear Senator Meighen:-

I enclose you a copy of the pamphlet referred to in a previous letter of mine. I have sent a copy to the Hon. the Premier and the Hon. H. H. Stevens.

With regard to the Provincial Income Tax Act, Owing to comments in the Leader-Post (Liberal) and the Star (Conservative) both aiming to excuse the bungle made by the Minister of Finance on the Income Tax Bill, I felt compelled to give an answer which was published in the Star on the 10th instant. I enclose you a copy of what I wrote. What I sent to the Liberal paper has not been so far published. Likely it will be. But you will see the attitude assumed by the Conservative paper towards this Government by the very fact it published this letter of mine in which are several reflections on the other conduct of the Government. This is confirmative of

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what I told you in my first letter that the members of this Government could not secure a re-election as Conservatives. They are anathema.

If this Act is not disallowed it will be the subject of litigation at once I feel sure.

Yours faithfully,

BT/HH

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125036

OTTAWA, 11 May, 1932.

Dear Mr. Thompson,

I have your further letter of the 7th instant. This letter, however, does not answer the question raisdd in the second paragraph of my letter of the 3rd instant, namely: whether you would object to the Prime Minister or the Minister of Justice submitting the matter as provided by you, to the Provincial Government for its comments should they desire to adopt that method of having the inquiry made.

Yours very truly,

Bram Thompson, Esq., K.C.,
506 Northern Crown Building,
Regina, Saskatchewan.

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125039

Bram Thompson, M.A., K.C.

BARRISTER & SOLICITOR

PHONE 5807

EXPERT IN CONSTITUTIONAL, CORPORATION
AND COMPANY LAW.

506 NORTHERN CROWN BLDG.,
REGINA
CANADA

4 May 1982

Right Hon. Senator Meighen P.C.
Ottawa.

Dear Senator Meighen;

I regret that there should be any misunderstanding about my communications re the Provincial Income Tax Act Saskatchewan.

I made the representations with the full concurrence of the most substantial Conservatives here who are thoroughly disgusted with the Men who have got into power, and who notoriously have bungled everything and squandered recklessly for 2½ years. I urged you to use these views as you deemed it right or necessary. Put them before the Provincial Government. I stand behind all I state both as Law and Facts; and am convinced that it is an obligation on the Government to disallow this piece of autocratic taxation — if it were for no other reason than that the Communistic Farmers, if they got into power would have a warning that their unconstitutional legislation would meet with a similar fate.

I enclose you a further cutting of what appeared in the Leader (Liberal) on the 2nd instant.

Yours Sincerely
Bram Thompson

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PUBLIC ARCHIVES
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CANADA

125040

OTTAWA, 17 May, 1932.

Dear Mr. Guthrie,

Before leaving for Winnipeg this morning Mr. Meighen directed me to send you the within correspondence from Mr. Bram Thompson, K.C., of Regina, with respect to the constitutionality of certain Income Tax legislation passed by the Legislature of Saskatchewan.

I am, Sir,

Yours faithfully,

A.H.Hinds.
Private Secretary.

The Honourable Hugh Guthrie, P.C., M.P.,
Minister of Justice,
O T T A W A .

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CANADA

WSE/ELJ.

125041

OFFICE OF THE MINISTER OF JUSTICE
CANADA

Ottawa

May 19, 1932.

Dear Mr. Meighen,

Referring to Mr. Hinds' letter of the 17th instant,
"ENC." I return herewith the correspondence from Mr. Bram Thompson, K.C. of Regina, with respect to the constitutionality of certain income tax legislation of the Province of Saskatchewan.

I do not think that this Department should express any opinion to Mr. Thompson on the legal questions which he mentions, but with regard to his proposal that the Act in question be disallowed, I think you should tell him that it is not the practice to exercise the power of disallowance on the ground that the Act to be disallowed is ultra vires. The ordinary practice is to confine the exercise of this power to statutes which, although admittedly intra vires, trench in some respect upon Dominion interests or policies.

Yours sincerely,

H. Guthrie

The Right Honourable Arthur Meighen,
The Senate,
O t t a w a.

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CANADA

125042 27

Ottawa, May 26th, 1932.

Dear Mr. Thompson,-

I have had a discussion with the Minister of Justice on the subject matter of your letters to me.

Necessarily the Department will not express an opinion on the constitutionality of the legislation to which you refer. The Minister does take the ground (and in this I know from experience that he is right) that the Dominion Government does not determine questions of disallowance on the basis of constitutionality. The question of whether or not the Act is ultra vires is one for the courts. Disallowance by the Dominion Government is confined in its exercise to cases where statutes, although admittedly intra vires, trench in some respect upon Dominion interests or policies.

Yours very truly,

Bram Thompson, Esq., K.C.,
506 Northern Crown Bldg.,
Regina, Sask.

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CANADA

125043

Bram Thompson, M.A., K.C.

BARRISTER & SOLICITOR

PHONE 5807

EXPERT IN CONSTITUTIONAL, CORPORATION AND COMPANY LAW.

506 NORTHERN CROWN BLDG.,
REGINA
CANADA

May 30, 1932.

Re also letter dated 1 June Memorandum

Right Hon. Arthur Meighen,
Senator,
Parliament Bldgs.,
Ottawa, Canada.

Dear Mr. Meighen:-

I thank you for your letter of the 26th, but I regret the attitude taken by the Minister of Justice.

Am I right in assuming that Premier Bennett was made acquainted with my representations both of the facts and the Law? He knows I do not deal in quibbles.

You say the rule is that where a Provincial Act though intra vires trenches on some Dominion interest or policy it is disallowed. But that where an Act is ultra vires it is left to the Court. This seems to me to be the reverse of what the rule should be. Where an Act is intra vires it should be decided by the Court whether it entrenches or not. Where it is ultra vires it should be autocratically disallowed.

But this Income Tax Act is not merely ultra vires; it is not an Act at all; and the Governor General having a power of disallowance should, on the facts being presented to him, exercise his power on the advice of the Council.

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L 25044

The facts presented by me leave no doubt as to the Law.

The Bill was never "lawfully" before the Legislature; and no Assent to it by the Governor could make it legal. All conditions imposed by Section 90, B.N.A. Act were ignored as well as the indispensable preliminaries of initiating a Money or new Tax Bill on the "Committee of the Whole" not in a legislative capacity but in a donative capacity as representing the People. An Income Tax is I admit within the scope of Provincial powers. But till the above requirements have been complied with, the enacting power is in abeyance.

The Attorney General here was in Ottawa since I placed those facts before you. To save himself, he may have counteracted the line of action which I recommended in the interest of the Conservative party. But he cannot make legal this impost on the people who now know it is an autocratic exaction and not a legal tax.

I have no doubt it will come before the Court, as I have already informed you; and Premier Bennett should be apprized of what I have written and of your answer to me.

If it goes into Court no one can foresee the end of it.

The Proceedings might reveal serious tempering with the Records. But by whom I do not know - do not even

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125045

suggest. The judicially ascertained facts would settle that.

I feel I have done a duty though my effort has been baffled; yet disallowance might have averted a worse disaster.

I may add: your first letter of the 3rd instant did not seem to indicate a consciousness of this rule on which you now rely. Rather you said: "it is difficult to understand why the required steps were not taken preparatory to the Legislation".

Have you got over that difficulty? Do you now understand the why? I have not and do not.

I am,

Yours faithfully,

BT/HH

Brantford

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CANADA

125046

Bram Thompson, M.A., K.C.

BARRISTER & SOLICITOR

PHONE 5807

EXPERT IN CONSTITUTIONAL, CORPORATION AND COMPANY LAW.

506 NORTHERN CROWN BLDG.,
REGINA
CANADA

June 1, 1932.

Right Hon. Arthur Meighen, P.C.,
Senate of Canada,
Ottawa, Canada.

Dear Mr. Meighen:-

Feeling that the Conservative Party will be immersed in the odium connected with the bogus Income Tax Act of this Province, I think it right that the Prime Minister should have cognizance of the material which I presented to you with the object of getting the Act disallowed.

I am writing to the Prime Minister; and would ask you to pass over to him the cuttings which I sent you from the various papers. I have no second copy. But I am sending a copy of my correspondence with you.

Will you please do as I request.

Yours faithfully,

BT/HH

Bram Thompson

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CANADA

125047

OTTAWA, 4th June, 1932.

Dear Mr. Merriam,

In the absence of Senator Meighen I am enclosing a number of newspaper clippings received some little time ago from Mr. Bram Thompson, K.C., of Regina.

Mr. Thompson asks that these be passed to the Prime Minister for his information in connection with a letter he has written to Mr. Bennett with respect to certain Income Tax legislation passed by the Legislature of Saskatchewan.

Yours very truly,

A.H.Hinds.

A.W.Merriam, Esq.,
Prime Minister's Secretary,
Ottawa.

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CANADA

OTTAWA, 6 June, 1932.

Dear Sir,

In Mr. Meighen's absence I have passed to the Prime Minister's office the clippings forwarded by you to Mr. Meighen with your correspondence with respect to the Saskatchewan Income Tax legislation.

Mr. Meighen is expected in Ottawa in a few days when your letters of the 30th ultimo and the 1st instant will be brought to his attention.

Yours faithfully,

A.H.Hinds.
Private Secretary.

Bram Thompson, Esq., K.C.,
Regina, Saskatchewan.

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CANADA

Thompson

Bain

OFFICE OF THE PRIME MINISTER
CANADA

125048

Ottawa, June 9, 1932

A. H. Hinds, Esq.,
Chief Clerk of Committees,
The Senate,
O t t a w a.

Dear Mr. Hinds:

I have your letter of the 4th instant and the press clippings enclosed. I have put these aside for the Prime Minister's attention upon his return to Ottawa.

Yours faithfully,

A. W. Merriam
Private Secretary.

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CANADA

125049

Ottawa, June 27th, 1932.

Dear Mr. Thompson,-

I have just come back to Ottawa for one day - the first since the Session closed. My work is in Toronto and I find it is practically impossible to leave at all.

I did not intend to intimate in my previous letter that a Provincial Act, which does not entrench upon a Dominion policy, would not be left to the courts in respect to its being ultra vires. What I intended to convey was that the question of the authority of the Legislature to pass any Act is a question for the courts and not for the Department of Justice. Similarly, I would say that all questions going to the legality of the Provincial Act would be for the courts, and this would include such a question as you raise in connection with the Saskatchewan Income Tax law.

The Dominion interferes in the sphere of disallowance only in cases where essential Federal policies are entrenched upon by the Dominion legislation in question.

I have not taken this matter up with the Prime Minister. The Justice Department has taken up their position on it and I think they are right.

.....

Bram Thompson, Esq., K.C.,
506 Northern Crown Building,
Regina, Sask.

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PUBLIC ARCHIVES
ARCHIVES PUBLIQUES
CANADA

If you think the Department is wrong, there will be no objection at all to your taking it up with the Prime Minister direct.

As I stated in my previous letter, and as quoted by you on the third page of yours of the 30th May, I still think it is hard to understand why the required steps were not taken in the passing of the Bill through the Legislature. I have, of course, no personal knowledge of the facts.

Very truly yours.

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PUBLIC ARCHIVES
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CANADA

Toronto, Ontario,
November 1st, 1932.

125051

The Right Hon. Arthur Meighen,
Senate Chambers,
OTTAWA, Ontario.

Dear Senator Meighen:

Following our conversation regarding the new amendment to the Income Tax Act, I wish to give you the following information and my opinion. If you would be kind enough to refer this to the Finance Minister along with your own opinion, I would appreciate it.

A few years ago when the Income Tax Act was amended to permit Companies to distribute surplus accumulated previous to 1929, many took full advantage of the condition and divided their entire surplus. Then followed the depression and some of these Companies who lacked surplus became insolvent. Other Companies wanting to take advantage of the Act, considered it better policy and sounder business to reorganize their Companies and issue redeemable preferred stock for the amount of their surplus. They contemplated redeeming only a small part of this preferred stock each year as their business would warrant. These Companies are still in operation and have given, and are still giving employment to thousands of people and paying taxes. With this new proposed tax of 4%, these Companies are going to be severely penalized.

In my opinion, when this new tax goes into effect, it certainly should not be retroactive and by retroactive, I mean, it should not tax any division of surplus that was accumulated previous to 1929 and has been made previous to the day this new amendment is passed.

For instance, one Company whose fiscal year ends in July, may have redeemed stock or divided the old surplus in June 1932. This Company whose business year ends July 30th., their statement has probably now been filed and the tax paid. Should this be reopened?

Another Company may have redeemed preferred stock in January, 1932, and yet their business year does not end until December 31st. If this amendment is passed and is to take effect immediately, the Company would have to pay this new tax even though the stock was redeemed last January.

While I realize the Finance Minister needs revenue, yet the majority of business houses are having no end of grief and trouble at present and I think those governing our Country, should give extra consideration to the business problems of today and make no new rulings which will effect actions concluded previous to the passing of any new tax laws.

Trusting that I have made myself clear and knowing that you will appreciate the present position of many Companies in Canada, I am

Yours sincerely,

Bob Lawson

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PUBLIC ARCHIVES
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CANADA

125052 27

Ottawa, Nov. 3rd, 1932.

My dear Colleague,-

Attached is copy of a letter which I have received from Mr. Ray Lawson of London, Ont.

Mr. Lawson has always been opposed to us politically but I have formed a high opinion of him. He is a successful and highly regarded business man and it seems to me that the view he presents is sound. Would you kindly have the matter referred to the appropriate officer.

Yours very truly.

Hon. E.B. Rychman, P.C., M.P.,
Minister of National Revenue,
O t t a w a.

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CANADA

125053

Ottawa, Nov. 3rd, 1932.

Dear Mr. Lawson,-

I have your letter of the
re Income Tax Act.
1st and will take this matter up immediately with the National Revenue Department.

Yours very truly,

Ray Lawson, Esq.,
c/o The London Western Trust Co.,
London, Ont.

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MINISTER OF NATIONAL REVENUE
CANADA

125054 27

Ottawa, 7th November, 1932.

Private.

Dear Senator Meighen,

I wish to acknowledge your letter of the 3rd instant, with enclosure from Mr. Ray Lawson of London, Ontario, regarding one of the proposed amendments to the Income War Tax Act.

I shall be pleased to see that Mr. Lawson's representations are given careful consideration.

Yours faithfully,

E. B. Ryckman

The Rt. Honourable Arthur Meighen,
The Senate,
Ottawa.

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HOB.ARTHUR MEIGHEN,

THE SENATE,OTTAWA,ONT.

MR.NICOLLS OF MACAULAY NICOLLS MAITLAND WIRING TODAY MEMORANDUM REGARDING RENTAL TAXES BELIEVE HIS ARGUMENTS VERY SOUND AND WORTHY OF CONSIDERATION AND IF YOU CAN DO ANYTHING TO ASSIST HIM IN THIS CONNECTION IT WOULD BE OF ACTUAL BENEFIT AND WOULD BE GREATLY APPRECIATED BY HIM PERSONALLY TORONTO MONDAY.

W.P.FESS.

450PM.,

MAY 3 1933 0550

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Day Message	
Day Letter	D L
Night Message	N M
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

CANADIAN NATIONAL TELEGRAM

HEAD OFFICE, TORONTO, ONT. — W. G. BARBER, General Manager

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STANDARD TIME

RA28 128 1/51 NL

1933 MAY 4 AM 5 32

VANCOUVER BC 3

HON ARTHUR MEIGHEN 599

THE SENATE OTTAWA ONT

INCOME WAR TAX ACT AMENDMENTS PROVIDE NEW TAX ON NONRESIDENTS
TWELVE AND HALF PERCENT ON GROSS RENTALS AND FIVE PERCENT ON
INTEREST WITH PROVISION THAT TAX BE COLLECTED AT SOURCE BY TENANTS STOP
UNEQUAL TREATMENT NONRESIDENTS WILL CREATE GREAT ANIMOSITY AND
PREVENT NEW MONEY COMING TO CANADA AND FORCE PRESENT MONEY

[12 50 5358]

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FORM 6124

CLASS OF SERVICE	SYMBOL
Day Message	
Day Letter	D L
Night Message	N M
Night Letter	N L

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STANDARD TIME

RA28 2/58

AWAY FURTHER MANY PROPERTIES NOT PRODUCING OPERATING COSTS
AND TAXES THEREFORE GROSS RENTALS WOULD PREVENT CITY COLLECTING
THEIR TAXES INCREASING CITYS DISTRESS ALSO COLLECTING TAX AT SOURCE
IN THIS MANNER WOULD CREATE CHAOTIC CONDITION WHOLE MATTER SEEMS
UNFAIR TO TAXPAYER AND CITY AND WOULD BRING LITTLE RESULT WE URGE
ANNUAL RETURNS BE FILED AS FORMERLY AND RESIDENTS AND

125057

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FORM 6124

CLASS OF SERVICE	SYMBOL
Day Message	
Day Letter	D L
Night Message	N M
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a day message. Otherwise its character is indicated by the symbol appearing after the check.

CANADIAN NATIONAL TELEGRAM

HEAD OFFICE, TORONTO, ONT. W. G. BARBER, General Manager

Exclusive Connection with WESTERN UNION TELEGRAPH CO. Cable Service to all the World Money Transferred by Telegraph

RA28 3/19 STANDARD TIME

NONRESIDENTS PAY SAME TAX RATE REGRET TROUBLING YOU BUT THOUGHT YOU WOULD BE WILLING TO HELP PREVENT SUCH MISTAKE

J P NICOLLS.

D 25058

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CANADA

Jan 1 25059 one Jay

11 2 N

OTTAWA, May 4, 1933.

Dear Mr. Nicolls:

I just received your telegram. Have taken the matter up already with Mr. Fraser Elliott, and after going into the matter fully with me, he provided me with a memorandum, copy of which I enclose herewith. This seems to me to explain the matter satisfactorily.

Yours very truly,

Mr. J. P. Nicolls,
Macaulay, Nicolls, and Maitland,
Vancouver, B. C.

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DEPARTMENT OF

NATIONAL REVENUE
CANADA

125060

OFFICE OF THE
COMMISSIONER OF INCOME TAX
OTTAWA

MEMORANDUM TO THE RIGHT HONOURABLE ARTHUR MEIGHEN, K.C., P.C.

Resolution No. 13 to amend the Income War Tax Act, as set forth in Votes and Proceedings, of Tuesday, 21st March, 1933, reads -

> "That rents and royalties which are payable by Canadian debtors to non-resieents of Canada shall have deducted at the source a tax of twelve and one-half per centum, subject to adjustment on assessment of the Income Tax Return filed by the non-resident".

Since 1924 the law has provided -

> "Any non-resident person who lets or leases anything used in Canada, or who receives a royalty or other similar payment for anything used or sold in Canada, shall be deemed to be carrying on business in Canada and to earn a proportionate part of the income derived therefrom in Canada."

Non-residents have not been complying with this law and Income Tax Returns have not been filed. The resolution proposes to deduct at the source and when returns are filed disclosing rents and royalties from sources within Canada, if there is not a net profit the monies collected will be refunded, or monies collected over the tax payable will be refunded.

Regulations will provide that where an agent is collecting rents on behalf of a non-resident the agent may deduct 12½% from the net rental, so that there will be a minimum amount of collection at the source in Canada but sufficient, however, to meet the purpose in mind.

Commissioner of Income Tax.

CFE/AMW.

5th May, 1933.

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Taxes - Dt 7

125061

112 F

OTTAWA, May 4, 1933.

Dear Mr. Fess:

I received your telegram yesterday and also have one to-day from Mr. Nicolls.

Have taken the matter up with Mr. Fraser Elliott, and after going into the matter fully with me, he provided me with a memorandum, copy of which I enclose herewith. This seems to me to explain the matter satisfactorily.

Copy of the above memorandum has been sent to Mr. Nicolls to-day.

Yours very truly,

Mr. W. P. Fess,
Canadian General Insurance Co.,
Federal Building,
Toronto, Ont.

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MEMORANDUM TO THE RT. HONOURABLE ARTHUR MEIGHEN

C 25062

Resolution No. 13 to amend the Income War Tax Act, as set forth in Votes and Proceedings, of Tuesday, 21st March, 1933, reads -

> "That rents and royalties which are payable by Canadian debtors to non-residents of Canada shall have deducted at the source a tax of twelve and one-half per centum, subject to adjustment on assessment of the Income Tax Return filed by the non-resident".

Since 1924 the law has provided -

> "Any non-resident person who lets or leases anything used in Canada, or who receives a royalty or other similar payment for anything used or sold in Canada, shall be deemed to be carrying on business in Canada and to earn a proportionate part of the income derived therefrom in Canada."

Non-residents have not been complying with this law and Income Tax Returns have not been filed. The resolution proposes to deduct at the source, and when returns are filed disclosing rents and royalties from sources within Canada, if there is not a net profit the monies collected will be refunded, or monies collected over the tax payable will be refunded.

Regulations will provide that where an agent is collecting rents on behalf of a non-resident the agent may deduct 12½% from the net rental, so that there will be a minimum amount of collection at the source in Canada but sufficient, however, to meet the purpose in mind.

(Signed) C. F. Elliott,

Commissioner of Income Tax.

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E. L. BOULTBEE
A. W. ROGERS

CABLE ADDRESS "MACNIC"

SEYMOUR 3540

May 12, 1933.

112 N.

The Hon. Arthur Meighen,

The Senate,

Ottawa, Canada.

Dear Mr. Meighen:-

I feel rather guilty at having troubled you in the matter of the Income War Tax Act, and am much obliged to you for the trouble you have taken. It appears to us that the immense amount of work and trouble this puts on all agents is out of all proportion to the result that will be obtained.

No one who did not suffer from an anti-British complex could imagine that the remarks as quoted in the attached clipping had any weight as an argument. From his point of view at any rate the British must take all the kicks and say nothing.

Again thanking you for your trouble, believe me,

Yours very truly,

J. P. Nicolls

JPN:MC
Encl.

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SATURDAY

125064

Rhodes Scores English Critics As Hysterical

'Tried to Frighten Poor Colonial' on Bond Tax, He Says.

By CHARLES BISHOP
(Southam Press Bureau, Ottawa.)

OTTAWA, May 6.—Featuring a diversified discussion of budget details in the House yesterday was an outburst by the suave minister of finance, Mr. Rhodes. A few weeks ago when the budget was brought down and a 5 per cent. tax was imposed upon dividends, or interest payments going to holders abroad, English financial circles interests protested, and for a while suspended trading in Canadian issues. Of what had happened in this connection Hon. James Malcolm reminded the minister, proceeding to say that thereafter amendments to the budget had immediately started.

Mr. Rhodes indicated little restraint in his reply, characterizing the British action variously as "hysterical," "going off at half-cock," and as "not in keeping with that solid, sterling character which we have always associated with them." The finance minister contrasted with it the attitude of American interests in the same situation, declaring that they had "kept their heads" and were "calm and cool about it."

The minister said more. He told of Canada being "compelled to dodge the big stick."

Why? Because we are a debtor country and a small country, he said.

Mr. Rhodes in his resentment mimicked the contemptuous "daount you knaow" of some Englishmen and spoke of their attempt to "frighten the poor colonial." This episode stood out in the discussion of the day, in the course of which the House approved various budgetary changes in the income tax schedules.

There was plenty of criticism. Some of it was based on the score that they were too high, again, too low, as regards the poor man and the rich man respectively. Mr. Rhodes defended them upon both scores and they were passed without formal division.

CREDIT CONFERENCE WILL OPEN MAY 15

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125065

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COUNSEL
RIGHT HON. ARTHUR MEIGHEN, K.C., P.C.
A. MONRO GRIER, K.C.

CABLE ADDRESS "CARTHOS"

THE DOMINION BANK BUILDING,
68 YONGE STREET,
TORONTO, 2.

27
Income Tax Act

18th March, 1935.

Personal

The Right Honourable Arthur Meighen, P.C.,
The Senate,
Ottawa, Canada.

My dear Meighen: RE THE INCOME WAR TAX ACT

Referring to my conversation with you today, I now enclose two proposed amendments to The Income War Tax Act which I recently submitted to Dr. Clark of the Finance Department.

One deals with a Canadian Company with a foreign subsidiary. The explanatory note thoroughly covers the situation. I would draw your attention to the main thing which is to avoid the incentive which at present exists in dealing with an international business to locate the head office of the Company abroad rather than in Canada and make the Canadian Company a mere subsidiary. The amendment would do away with this.

The other amendment would relieve the foreign owners of the so-called private investment Companies known as 4K Companies from the 5% tax on non-residents. As a result of this tax my experience has been during the last year that a number of Companies that would otherwise have located here have been incorporated in the Bahamas and the incidental business from such a Company which would have been Canadian, by reason of this goes elsewhere.

I also mention as arranged, the question of Income Tax amendments being made retroactive. The practice as you know has grown up of making the amendments proposed in the budget which is about to be brought in, retroactive so as to apply to the Income of 1934. This is a very vicious practice, especially with regard to corporations who have closed their books after making all provision they can for the tax and which now, if taxes are increased, are faced with the fact that their Annual statements are incorrect and no provision has been made for any newly imposed tax.

It is also of course very unfair to the individuals, especially if as is threatened, substantial increases in the tax are imposed and it does seem to me that the taxes imposed

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The Right Honourable Arthur Meighen, P.C. 18th March, 1935.

this year should be only on this year's Income. Obviously an individual should be put in a position to budget and adjust expenditures in accordance with such unavoidable expenditures as Income Tax. As it now stands there is no possibility to do this and the individual having in many cases spent their Income in budgeting for 1934 have to provide further sums for Income Tax than that anticipated.

Yours sincerly,

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125067

THE INCOME WAR TAX ACT

RELIEF FROM CANADIAN TAXATION OF DIVIDENDS PAID BY FOREIGN SUBSIDIARY TO CANADIAN PARENT COMPANY.

WORDING OF PROPOSED AMENDMENT:

Add to section 8 sub-section 1 of The Income War Tax Act the following:-

Provided that where a taxpayer is a Canadian Company and income is derived by way of dividends from a subsidiary Company incorporated in Great Britain or any of its self governing colonies or dependencies or in a foreign country, all of the stock of which subsidiary Company (less Directors' qualifying shares) is owned by the Canadian Company, the Canadian Company in any year shall be deemed to have paid the same proportion of any income, war profits or excess profits taxes paid by such subsidiary Company to Great Britain or its self governing colony or dependency or foreign country as the case may be, upon or with respect to the undistributed income of such subsidiary Company from which such dividends were paid, which the amount of such dividends bear to the amount of such undistributed income.

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THE INCOME WAR TAX ACT 125068

RELIEF FROM CANADIAN TAXATION OF DIVIDENDS PAID BY FOREIGN SUBSIDIARY TO CANADIAN PARENT COMPANY.

EXPLANATORY NOTE:

At present a Canadian Company doing business in a foreign country (for example the United States) is entitled under the provisions of section 8 to deduct from its Canadian income tax income tax paid to the United States on that part of its income earned in the United States up to but not exceeding the rate of Canadian taxation. If on the other hand such Canadian Company incorporates a subsidiary American Company to carry on its business in the United States the only way in which the Canadian Company can take into its own hands the profits earned by its American business is by way of dividends from such American Company and under the present provisions of section 8 the Canadian Company is afforded no relief from Canadian taxation in respect of dividends paid to it by such American subsidiary although the undistributed income of the American subsidiary from which such dividends are paid has already been taxed in the United States.

If the situation were reversed the Parent Company, being an American Company and the subsidiary a Canadian Company, the American Company would get relief from its United States tax on the Canadian subsidiary's dividends to the extent that the Canadian subsidiary had paid tax in Canada on the profits out of which such dividends were paid, and the amendment would therefore not only do away with apparent inequality but would

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125069

make the arrangement truly reciprocal with the United States as called for in the Act as it now stands. It is obvious that this being the case, if the incorporation of a business is being considered which would be carried on both in the United States and Canada, as the Canadian Act now stands it would be advantageous to make the Parent Company an American Company rather than a Canadian since if the Canadian Company is the Parent Company and the subsidiary an American Company, in effect the profits made in one jurisdiction would be taxed twice, whereas if the American Company is the Parent Company the profits would only be taxed once.

The object of the proposed amendment is to do away with this apparent inequality of taxation, and the incentive as the Act now stands to locate the Parent Company in a foreign jurisdiction.

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125070

WORDING OF PROPOSED AMENDMENT 4 K. COMPANIES.

Substitute for section 9 B sub-section 2 the following:

2. In addition to any other tax imposed by this Act an income tax of five percentum is hereby imposed on all persons who are non-residents of Canada in respect of:-

(a) all dividends received from Canadian debtors irrespective of the currency in which the payment is made (other than dividends received from any Company whose income is not liable to taxation under the provisions of section 4 paragraph (k) of this Act <u>where the shares of such Company except qualifying shares are owned by a foreign Company and also</u> in cases where such Company, if the shareholders thereof were resident in Canada, would be deemed to be a personal corporation under the provisions of section 2 paragraph (i) of this Act) and

(b) interest received from Canadian debtors if payable solely in Canadian funds except the interest from all bonds of or guaranteed by the Dominion of Canada.

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125071

THE INCOME WAR TAX ACT

RELIEF FROM 5% TAX ON DIVIDENDS PAID BY 4 (k) "PERSONAL" COMPANIES TO NON-RESIDENT SHAREHOLDERS.

EXPLANATORY NOTE:

Prior to 1933 numbers of non-resident individuals relying on the then existing provisions of The Income War Tax Act which imposes no income tax on dividends paid by Canadian Companies to non-residents and which, under the provisions of section 4 paragraph (k) declared that the income of incorporated Companies whose business and assets were situate and carried on entirely outside of Canada was not liable to taxation under the Act caused to be incorporated Canadian Companies for the purpose of holding private investments which Companies qualified under the provisions of section 4 paragraph (k) above referred to. By sub-section 5 of section 9 B the income of 4 (k) Companies was exempted from the five percent tax but no exemption was given to dividends paid to non-residents by 4 (k) Companies. The proposed amendment is intended to give relief to non-resident individuals falling within the class above indicated.

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125072

Mr. Meighen:

Bill 80 referred to herein stands for Second Reading in the Senate on Tuesday next. I attach a copy of the Bill and the Commons debate on the subject.

A.H.H.

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80. 125073

Sixth Session, Seventeenth Parliament, 25-26 George V, 1935.

THE HOUSE OF COMMONS OF CANADA.

BILL 80.

An Act to amend the Income War Tax Act.

AS PASSED BY THE HOUSE OF COMMONS,
5th JUNE, 1935.

OTTAWA
J. O. PATENAUDE, I.S.O.
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY
96989 1935

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125074

6th Session, 17th Parliament, 25-26 George V, 1935.

THE HOUSE OF COMMONS OF CANADA.

BILL 80.

R.S., c. 97; 1928, cc. 12, 30; 1930, c. 24; 1931, c. 35; 1932, cc. 43, 44; 1932-33, cc.14, 15, 41; 1934, cc. 19, 55.

An Act to amend the Income War Tax Act.

HIS Majesty, by and with the advice and consent of the Senate and House of Commons of Canada, enacts as follows:—

1. The First Schedule of the *Income War Tax Act*, chapter ninety-seven of the Revised Statutes of Canada, 1927, as enacted by section one of chapter forty-one of the statutes of 1932-33, is amended by inserting therein immediately after paragraph A of the said Schedule the following paragraph:—

Additional rates of tax on investment income. Surtax.

"AA. Rates of tax applicable to all persons other than corporations and joint stock companies, in respect of 'investment income' as provided for in this Act.

On investment income included in any income exceeding	$5,000	but not exceeding	$10,000—	2%
On investment income included in any income exceeding	$10,000	but not exceeding	$14,000—	3%
On income exceeding	$14,000	" "	$20,000—	3%
" "	$20,000	" "	$30,000—	4%
" "	$30,000	" "	$50,000—	5%
" "	$50,000	" "	$75,000—	6%
" "	$75,000	" "	$100,000—	7%
" "	$100,000	" "	$150,000—	8%
" "	$150,000	" "	$200,000—	9%
" "	$200,000			—10%

2. Paragraphs C and D of the First Schedule of the said Act are repealed and the following are substituted therefor:—

Company rate of tax.

"C. Rate of tax applicable to corporations and joint stock companies except as next hereinafter provided.

On the income of the company

thirteen and one-half per centum.

125075

EXPLANATORY NOTES.

SECTION 1. This is a new schedule of rates of tax imposed on "Investment Income".

SECTION 2. Paragraph (C)—The only change is from twelve and one-half per centum to thirteen and one-half per centum.

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125076

Rate on consolidated corporation incomes.

D. Rate of tax applicable to corporations and joint stock companies which file a return consolidating their profit or loss with that of their subsidiaries as provided for by subsection three of section thirty-five.
On the consolidated income of such company and its subsidiaries

fifteen per centum."

3. Section two of the said Act is amended by adding thereto the following paragraphs:—

Earned income.

"*(m)* 'earned income' means salary, wages, fees, bonuses, pensions, superannuation allowances, retiring allowances, gratuities, honoraria, and the income from any office or employment of profit held by any person, and any income derived by a person in the carrying on or exercise by such person of a trade, vocation or calling, either alone or, in the case of a partnership, as a partner actively engaged in the conduct of the business thereof, and includes indemnities or other remuneration paid to members of Dominion, Provincial or territorial legislative bodies or municipal councils, but shall not include income derived by way of royalties, or any income, irrespective of the source or combination of sources from which it may be derived, in excess of fourteen thousand dollars;

Investment income.

(n) 'investment income' includes any income not defined herein as 'earned income' and also any amount deemed by this Act to be a dividend and any income from whatever sources derived in excess of fourteen thousand dollars;

Income bond or income debenture.

(o) 'income bond' or 'income debenture' means a bond or debenture, the interest or dividend on which is payable only when the debtor company has made a profit before taking into account the interest or dividend obligation on such bond or debenture."

4. Paragraph *(e)* of subsection one of section four of the said Act is repealed and the following is substituted therefor:—

Charitable institutions.

"*(e)* The income of any religious, charitable, agricultural and educational institution, board of trade and chamber of commerce, no part of the income of which inures to the personal profit of, or is paid or payable to any proprietor thereof or shareholder therein;"

125077

Paragraph (D)—The only change is from thirteen and one-half per centum to fifteen per centum.

SECTION 3. *(m)* and *(n)*—These are new definitions made necessary in order to distinguish between earned income and investment income in determining the investment income which is subject to the new rates of tax set forth in section one of this Bill.

(o)—This defines an income bond or income debenture for the purposes of the Act.

SECTION 4. This paragraph comes under the general provisions of section four which provides that,—

"The following incomes shall not be liable to taxation hereunder:—"

Paragraph *(e)* of subsection one of section four which is being repealed reads as follows:—

"*(e)* The income of any religious, charitable, agricultural and educational institutions, boards of trade and chambers of commerce."

The new paragraph is an expansion of the definition which limits the exemption to purely charitable or public bodies.

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125078

5. Section five of the said Act is amended by adding thereto the following subsection:—

Alternative exemptions from surtax.

"(4) The following income shall not be liable to the additional rates of tax on investment income, namely,—

(a) all income up to five thousand dollars; or

(b) 'earned income' up to but not exceeding fourteen thousand dollars; or

(c) income equal in amount to the sum of the exemption and allowances for dependents to which the individual is actually entitled under the provisions of paragraphs *(c)*, *(d)*, *(e)* and *(i)* of subsection one and of subsection two of this section;

whichever affords the greatest exemption to which the taxpayer is entitled."

6. Subsection one of section six of the said Act is amended by adding thereto the following paragraphs:—

Expenses payable to controlling company abroad.

"*(i)* Any sums charged by any company or organization outside of Canada to a Canadian company, branch or organization, in respect of management fees or services or for the right to use patents, processes or formulae presently known or yet to be discovered, or in connection with the letting or leasing of anything used in Canada, irrespective of whether a price or charge is agreed upon or otherwise; but only if the company or organization to which such sums are payable, or the company in Canada, is controlled directly or indirectly by any company or group of companies or persons within or without Canada, which are affiliated one with the other by the holding of shares or by agreements or otherwise; provided that a portion of any such charges may be allowed as a deduction if the Minister is satisfied that such charges are reasonable for services actually rendered or for the use of anything actually used in Canada.

Losses sustained abroad.

"*(j)* Net losses sustained in the 1934 or any subsequent taxation period in the United Kingdom of Great Britain and Northern Ireland or any of the British Dominions other than Canada or any British possession or dependency, or in any foreign country, after the taxpayer has in respect of any such period once elected to claim, and has received, reciprocal tax relief under this Act for taxes paid to any such country in

125079

SECTION 5. This provides for a certain exemption from the additional rates of tax on investment income, namely

(a) all income up to five thousand dollars, irrespective of whether such income falls wholly within the definition of investment income or otherwise; or

(b) earned income as defined in section three of this Bill up to fourteen thousand dollars; or

(c) income equal in amount to the two thousand or one thousand dollar exemption to which a married or single person is entitled, plus the four hundred dollar allowance in respect of each child, and a maximum of four hundred dollars in respect of each dependent parent, grandparent, brother or sister.

SECTION 6. *(i)* This is to prevent, as a deduction from Canadian profits, payments abroad to parent or controlling organizations which are not subject to Canadian tax. The payments are not usually determined as between strangers but on a determination as between a parent or subsidiary company, association or organization closely allied one with the other.

The proviso gives the Minister power to allow sums paid which are reasonable for services actually rendered.

(j) The amendment is designed to remedy the condition whereby Canada bears the burden in times of loss and receives no tax in times of profit.

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125078

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Alternative exemptions from surtax.

"(4) The following income shall not be liable to the additional rates of tax on investment income, namely,—

(a) all income up to five thousand dollars; or

(b) 'earned income' up to but not exceeding fourteen thousand dollars; or

(c) income equal in amount to the sum of the exemption and allowances for dependents to which the individual is actually entitled under the provisions of paragraphs *(c)*, *(d)*, *(e)* and *(i)* of subsection one and of subsection two of this section;

whichever affords the greatest exemption to which the taxpayer is entitled."

6. Subsection one of section six of the said Act is amended by adding thereto the following paragraphs:—

Expenses payable to controlling company abroad.

"*(i)* Any sums charged by any company or organization outside of Canada to a Canadian company, branch or organization, in respect of management fees or services or for the right to use patents, processes or formulae presently known or yet to be discovered, or in connection with the letting or leasing of anything used in Canada, irrespective of whether a price or charge is agreed upon or otherwise; but only if the company or organization to which such sums are payable, or the company in Canada, is controlled directly or indirectly by any company or group of companies or persons within or without Canada, which are affiliated one with the other by the holding of shares or by agreements or otherwise; provided that a portion of any such charges may be allowed as a deduction if the Minister is satisfied that such charges are reasonable for services actually rendered or for the use of anything actually used in Canada.

Losses sustained abroad.

"*(j)* Net losses sustained in the 1934 or any subsequent taxation period in the United Kingdom of Great Britain and Northern Ireland or any of the British Dominions other than Canada or any British possession or dependency, or in any foreign country, after the taxpayer has in respect of any such period once elected to claim, and has received, reciprocal tax relief under this Act for taxes paid to any such country in

125079

SECTION 5. This provides for a certain exemption from the additional rates of tax on investment income, namely

(a) all income up to five thousand dollars, irrespective of whether such income falls wholly within the definition of investment income or otherwise; or

(b) earned income as defined in section three of this Bill up to fourteen thousand dollars; or

(c) income equal in amount to the two thousand or one thousand dollar exemption to which a married or single person is entitled, plus the four hundred dollar allowance in respect of each child, and a maximum of four hundred dollars in respect of each dependent parent, grandparent, brother or sister.

SECTION 6. *(i)* This is to prevent, as a deduction from Canadian profits, payments abroad to parent or controlling organizations which are not subject to Canadian tax. The payments are not usually determined as between strangers but on a determination as between a parent or subsidiary company, association or organization closely allied one with the other.

The proviso gives the Minister power to allow sums paid which are reasonable for services actually rendered.

(j) The amendment is designed to remedy the condition whereby Canada bears the burden in times of loss and receives no tax in times of profit.

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respect of profits earned therein: Provided, however, that the provisions of this paragraph shall not apply to companies incorporated in Canada and carrying on any class of insurance business other than life insurance for which such companies are registered or licenced under the laws of the Dominion of Canada or any province thereof.

Dividends on income bonds or income debentures.

"(*k*) The distribution of earnings by any corporation to holders of its income bonds or income debentures.

Proviso.

Provided, however, in cases where such income bonds or income debentures have been issued or the income provisions thereof have been adopted since 1930, in consequence of an adjustment of previously existing bonds or debentures bearing an unconditional fixed rate of interest, which adjustment, to the satisfaction of the Minister, was occasioned by financial difficulties of the debtor corporation or its predecessor and was intended to afford some relief to the said debtor corporation or its predecessor, then the provisions of this paragraph shall not apply.

Exception.

Provided further that the provisions of this paragraph shall not apply in determining the income of 'personal corporations' taxable against their shareholders."

7. Section six of the said Act is further amended by adding thereto the following subsections:—

Limitation of earned income in certain cases.

"(3) For the purpose of determining earned income the Minister may reduce the amount of any salary, wages, fees, bonuses, gratuities or honoraria, which, in his opinion, are not commensurate with the services actually rendered, and the amount of such reduction shall be treated for the purposes of this Act as investment income. The decision of the Minister on any question arising under this subsection shall be final and conclusive.

Apportionment of expense between earned and investment income.

(4). Where an expense is common both to earned income and investment income the Minister shall determine the extent to which the expense may be applicable to either class of income. The determination of the Minister hereunder shall be final and conclusive.

8. Section nine of the said Act is amended by adding thereto the following subsection:—

Application of the appropriate rate on investment income.

"(3) The total income of each taxpayer other than a corporation or a joint stock company shall be compiled by having the earned income form the base, above which shall be placed the investment income, and according thereto the appropriate additional rates of tax on investment income as provided by paragraph AA of the first Schedule of this Act shall be applied."

9. Subsection two of section nine B of the said Act as enacted by section nine of chapter forty-one of the statutes of 1932-33 and as amended by section five of chapter

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(k) The amendment will put disbursements by a company in respect of income bonds or debentures, which disbursements are paid out of profits, in the same category as dividends paid to shareholders, as dividends are only paid after profits have been earned and are not allowed as an expense in determining the company's income liable to tax.

However, exception is made in the case of enforced reorganizations where the bondholders have agreed to forego their rights under the original contract with the company and accept over a period of years interest payable having regard to the profits which the company might earn during a period of business depression.

The second proviso is to avoid double taxation.

SECTION 7. 3.—This section is to prevent evasion of the surtax.

4—In many cases expenses are common both to earned and investment income. In such cases the extent to which the expense may be applicable to either class of income will be determined by the facts and dealt with accordingly.

SECTION 8. For example—

Earned income	$11,000
Investment income	4,000

Surtax 3% on $4,000—not 2%.

SECTION 9. Heretofore such payments were subject to a twelve and one-half per cent deduction at the source, which deduction was subject to final adjustment as and

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fifty-five of the statutes of 1934, is amended by adding thereto the following paragraph:—

Payments in respect of certain copyrights and copyrighted works.

"*(e)* All payments received directly or indirectly from Canadian debtors in respect of

(i) any copyright, used in Canada, relating to books, music, articles in periodicals, newspaper syndicated articles, pictures, comics and other newspaper or periodical features, and

(ii) any rights in and to the use of any copyrighted work subsequently produced or reproduced in Canada by way of the spoken word, print or mechanical sound on or from paper, composition, films or mechanical devices of any description.

The tax payable by virtue of this paragraph shall be deducted by the Canadian debtor from the amount paid or credited to such non-resident at the time of payment or crediting and shall be remitted to the Receiver General of Canada."

10. Subsection eleven of section nine B of the said Act as enacted by section six of chapter fifty-five of the statutes of 1934 is amended by adding thereto the following proviso:—

Proviso against evasion.

"Provided further that such non-resident company is not a company incorporated since the 1st April, 1933; but this proviso shall not apply if the Minister is satisfied that such incorporation was not made for the purpose of evading the tax imposed under subsection two of this section."

11. Section twelve of the said Act is amended by adding thereto the following subsection:—

Payments on income bonds or income debentures.

"(2) For the purposes of this Act any annual amount received in respect of an income bond or income debenture shall be deemed to be a dividend."

12. Section twenty-seven of the said Act as amended by section thirteen of chapter fifty-five of the statutes of 1934 is further amended by adding thereto the following subsection:—

Exception from twelve and one-half per cent deduction.

"(7) The provisions of this section shall not apply to any non-resident person whose income by way of royalties or rentals received from Canadian sources for anything used or sold in Canada is subject to the five per cent tax imposed under paragraph *(e)* of subsection two of section 9B of this Act."

13. Subsection three of section thirty-five of the said Act as enacted by section thirteen of chapter forty-one of the statutes of 1932-33 is hereby repealed and the following is substituted therefor:—

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when the non-resident filed a definitive return of his total income from Canadian sources and his Canadian income tax was determined on a net profit basis.

In practice this has been found inexpedient, not only from the point of view of revenue and administration, but, as advised, more particularly from the point of view of the Canadian copyright user, and also the non-resident recipient receiving royalties from different parts of Canada and being required to account through an income tax return.

Under the amendment, five per cent will be deducted and retained by the Treasury in respect to the whole copyright field and no definitive return will be required from the non-resident.

SECTION 10. This amendment is to prevent an evasion of the five per cent tax on dividends going to non-residents inasmuch as exemption from the tax was provided in the case of dividends being paid by a Canadian subsidiary company to a non-resident parent company.

SECTION 11. As explained under section six *(k)* of this Bill, amounts received by an income bond or income debenture-holder are paid out of profits and should be treated in the same way as dividends received by a shareholder which also are paid out of profits.

SECTION 12. This provision is necessary by reason of the new five per cent tax imposed under section nine of this Bill.

SECTION 13. This section merely clarifies the section presently existing in the Act and the regulations made thereunder.

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Consolidated returns of income of corporations.

"(3) A company which owns or controls all of the capital stock (less directors' qualifying shares) of subsidiary companies which carry on the same general class of business and have fiscal periods substantially coincident with the owning or controlling company may, in respect of all such companies which carry on business in Canada, elect, before the commencement of the earliest fiscal period of any of the constituent companies in respect of which consolidation is desired and in such manner as may be prescribed by regulations hereunder, to file a return in which its profit or loss is consolidated with that of all of its subsidiary companies carrying on business in Canada, in which case the rate of tax provided by paragraph D of the First Schedule of this Act shall apply."

14. The said Act is amended by adding thereto the following Part:

"PART XII

GIFT TAX PROVISIONS.

Tax on gifts.

"**88.** (1) Save as herein otherwise provided, there shall be assessed and paid upon the transfer in any year by any individual residing or ordinarily resident in Canada of any property (whether situate within or outside of Canada) transferred by way of gift or donation a tax payable by such individual at the rate applicable in respect of the aggregate value of all the property so transferred during the year by such individual under the following schedule:

Rates

On gifts up to and including		$25,000			2%
On gifts exceeding	$25,000	but not exceeding	$50,000	—	3%
" "	$50,000	" "	$100,000	—	4%
" "	$100,000	" "	$200,000	—	5%
" "	$200,000	" "	$300,000	—	6%
" "	$300,000	" "	$400,000	—	7%
" "	$400,000	" "	$500,000	—	8%
" "	$500,000	"	$1,000,000	—	9%
" "	$1,000,000			—	10%

Application of tax.

(2) The tax so imposed shall apply whether the transfer is in trust or otherwise, or direct or indirect, or whether the property is real or personal, tangible or intangible, and shall extend to gifts made by personal corporations.

Date payable.

(3) The tax shall be payable to the Receiver General of Canada at the time the gift or donation is made; and if not so paid the tax shall bear interest at the rate of ten per centum per annum from the date payable.

Donor and donee personally liable for tax.

(4) If the donor fails to pay the tax as hereinbefore provided, the donor and the donee shall be jointly and severally liable for the tax imposed by this section.

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SECTION 14. The Gift Tax is occasioned by reason of the increased rates made applicable to investment income. The Gift Tax will ensure that the Treasury will receive from the donor approximately the same amount of money now as would be received under the Income Tax law out of the income from the gift over a period of time.

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Assessment. (5) The Minister may at any time assess the donor or the donee or both for the amount of the tax payable under this section. The payment of one such assessment shall discharge the joint obligation.

Application of provisions of Act. (6) The provisions of sections forty-one to forty-seven, both inclusive; fifty-four to seventy-six, both inclusive; and seventy-nine to eighty-two, both inclusive, of this Act shall be applicable, *mutatis mutandis*, in respect of the tax imposed by this section.

Determination of value of gifts, etc. (7) The Minister shall have power to determine

(a) that any transfer of property on the basis of a *quid pro quo* is nevertheless a gift, if, in his opinion, the values of the properties passing are disproportionate one to the other;

(b) the value of any gift or donation of property.

Exemptions from tax. (8) The provisions of this section shall not apply to the following:—

(a) gifts or donations made by any individual the aggregate value of which in any year does not exceed four thousand dollars;

(b) gifts or donations taking effect upon death by way of bequest or devise; and any property passing to any person upon an intestacy;

(c) gifts or donations to a charitable organization or educational institution in Canada, operated exclusively as such and not operated for the benefit or private gain or profit of any person, member or shareholder thereof;

(d) gifts or donations made to the Dominion of Canada or any Province or political subdivision thereof;

(e) gifts or donations which are not recognized for income tax purposes under the provisions of section thirty-two of this Act, as amended by section sixteen of chapter fifty-five of the statutes of 1934.

Minors. (9) *(a)* Gifts made after the thirty-first day of December, 1934, to a minor eighteen years of age or under shall be subject to the provisions of this section when such minor attains the age of nineteen years; provided this subsection shall not apply in respect of a gift made to a minor under thirteen years of age.

(b) The donor at the time of the making of the gift to a minor between twelve and nineteen years of age must supply a bond securing the payment of the tax. If the donor fails to supply a bond satisfactory to the Minister for the payment of the tax, then notwithstanding any other provision contained in the Act, except subsection one of section thirty-two, the gift tax shall be payable as provided in subsection three of this section."

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Interest on increase of tax.

15. The increase of tax imposed by section two of this Act in respect of any fiscal period ending in 1934 shall bear interest from the thirtieth day of April, 1935.

Date effective, periods affected.

16. Sections one, two, three, four, five, six, seven, eight, ten, eleven, twelve and thirteen of this Act shall be applicable to income of the 1934 taxation period and fiscal periods ending therein and of all subsequent periods.

Gift tax effective first January, 1935.

17. The provisions of section fourteen of this Act shall be deemed to have come into force on the first day of January, 1935.

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Mr. STIRLING: A more extraordinary misconception, if the hon. member has listened to any of the statements which have been made heretofore, I can hardly conceive. Let me in a very few sentences simply put the case.

The late run fish come through the straits of Juan de Fuca, hugging the Washington shore. There they are taken in the cold, clear, salt water in enormous numbers for the purposes of the Washington canneries. When they get close up to the dividing line between the United States and Canada, which is not many miles from the area into which the Fraser river pours into the gulf of Georgia, they can first be taken by Canadian fishermen. They mill around in that triangle of water, beyond the brackish discoloured water of the Fraser, and in that water they can be taken, but they cannot be taken in that water by the gill netters. When I say they cannot be taken there I mean that the gill netters principally do their fishing in the discoloured brackish water off the mouth of the Fraser, but as soon as the fishermen get into this cold, clear water where their nets are easily visible they do not succeed in taking fish, and they go back again to the brackish water. Therefore if these fish, where it is first possible to take them in Canadian waters, are not taken by gear that will take them they will not be taken by Canadians, and the amount of trade in canned salmon which Canada can do in world markets will not be as great as it otherwise would be.

My hon. friend the sponsor of the bill (Mr. Reid) has repeated here this evening a good many of the statements which he has made on two previous occasions. He has expressed considerable disagreement with the statements of the deputy minister. I should certainly have thought that the place to make known those disagreements was in the deputy minister's presence on the occasion when this matter was so fully discussed by the committee.

Mr. MUNN: He did so.

Mr. STIRLING: And the answers were given. To-night he desires to reiterate them, and surely there is no reason why he should not. But the house should not take it that those statements have in any way impressed the officials of the department because that is not the view held by the department In this matter the only proper course for the department to take is to try to hold the balances even after a consideration of all the facts, and that is the desire of the department. Changes have come over the fishing industry in the last few years. The late run of fish has been increasing at a very considerable rate. The run of trade in the world's market has been increasing; there has been an opportunity for the sale of more first class canned fish, and the desire of the department is to assist the taking of those fish which can properly be canned so long as it can be done without detriment to any interest. That is the view of the department.

Mr. JEAN-FRANÇOIS POULIOT (Témiscouata): Mr. Speaker, there is one reason why I cannot understand any opposition to this bill. It is because in some sections of the country seine fishing for salmon has been prohibited. That is so in the province of Quebec, and I do not see why it should be allowed in the province of British Columbia. No one wishes to enter into a controversy as to the merits or demerits of the deputy minister of fisheries. Personally I have never had anything to do with him; I do not know him and I am not going to pass judgment upon him. But what every member of the house can do, sir, is to pay a tribute to the member for New Westminster (Mr. Reid), who is sponsoring this bill, as one of the most assiduous members of the house, familiar with the problems of his own province, and a member who has at heart the interests of the people he represents in this house as well as the interests of the country at large. Therefore no one can be mistaken in following the course suggested by the hon. member, and that is the second reason why I shall vote for the bill.

Mr. REID: I have just one word to say in reply, Mr. Speaker—

Mr. SPEAKER: The hon. gentleman has not the right of reply.

Motion negatived on division.

Mr. SPEAKER: The time for the consideration of private and public bills having lapsed the house will revert to the consideration of government orders.

WAYS AND MEANS

CUSTOMS TARIFF AMENDMENT

The house in committee of ways and means, Mr. Morand in the chair.

Mr. RHODES: The items under customs tariff have all been passed except resolution No. 1, which stood prior to the dinner hour.

Mr. SANDERSON: I should like to refer to item 45le, slide or hookless fasteners. This

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afternoon the minister was good enough to say that he would get certain information with regard to the manufacture of these zippers. He told us about the location of the plants and said he would endeavour to bring down information as to the number of hands employed, their wage bill for the year, and so on. We might also endeavour to find out whether these three plants are under one control and working under one patent?

Mr. RHODES: I shall be very pleased to get all the information which is available. If it is the wish of the committee to pass these resolutions before the information is brought down, I undertake that it will be brought down on second reading of the bill. Now, as regards resolution No. 1, there was a suggested amendment which was not pressed. I intimated to the committee my desire to confer with the Department of External Affairs and I may say now that I do not wish to press the amendment. I would therefore ask that the resolution be allowed to pass in its present form.

Resolution agreed to.

INCOME WAR TAX ACT AMENDMENT

Resolved, that it is expedient to amend the Income War Tax Act and to provide,—

1. That

(a) "earned income" be defined to include salaries, wages, and other personal earnings, including income derived from the carrying on of a trade (as a sole proprietor or in partnership), vocation or calling; provided, however, that the total amount of the "earned income" derived from any source, or combination of sources, shall in no case exceed $14,000 per annum;

(b) "investment income" shall mean any income not defined as "earned income."

2. That rates of surtax be imposed on all persons, other than joint stock companies, in respect of investment income as follows:—

Included in any income exceeding	$ 5,000	but not exceeding	$ 10,000	— 2%
Included in any income exceeding	10,000	but not exceeding	14,000	— 3%
On income exceeding	14,000	but not exceeding	20,000	— 3%
On income exceeding	20,000	but not exceeding	30,000	— 4%
On income exceeding	30,000	but not exceeding	50,000	— 5%
On income exceeding	50,000	but not exceeding	75,000	— 6%
On income exceeding	75,000	but not exceeding	100,000	— 7%
On income exceeding	100,000	but not exceeding	150,000	— 8%
On income exceeding	150,000	but not exceeding	200,000	— 9%
On income exceeding	200,000			—10%

3. That the following income shall not be liable to surtax, either

(a) all income up to five thousand dollars; or

(b) "earned income" up to but not exceeding fourteen thousand dollars; or

(c) income equal in amount to the sum of the exemption and allowances for dependents to which a person is actually entitled under the said act; whichever is the highest.

4. That

(a) in determining "earned income" the amount of any salary or bonus shall be subject to adjustment commensurate with the services rendered and any amounts in excess of such adjustment shall be regarded as "investment income";

(b) where an expense is common to both "earned" and "investment" income the expense shall be apportioned.

5. That the corporation rate of tax be increased from 12½ per cent to 13⅓ per cent.

6. That consolidated returns be not permitted except in cases where a subsidiary company is wholly owned by another company (directors' qualifying shares excepted); is in the same general class of business; the fiscal periods of the companies are co-incident; and both companies are operating in Canada, and under such other regulations as may be prescribed. When consolidation is permitted the corporation rate of tax on such returns shall be increased from 13⅓ per cent to 15 per cent.

Resolutions agreed to.

[Mr. Sanderson.]

7. That dividends received by shareholders be taxed by an allowance for depletion of 20 per cent in lieu of the present allowance.

Mr. FRASER: (Cariboo): With regard to the gold tax, is there not a duplication of taxation under this section? The tax was paid last year and it would seem that the income is being taxed again this year.

Mr. RHODES: There is an overlapping to this extent, that the original bill as brought down last year expired on May 31 this year and the income tax is applicable, under the provisions of the budget resolutions, as of the end of the fiscal year or the 1st of April this year. There is therefore an overlapping in part with respect to the months of April and May, but to that extent only.

Mr. FRASER (Cariboo): This increased tax covers 1934 as well as 1935. To that extent is it not a further duplication? The gold producers have already paid the tax and you are going back and making this increased tax apply to 1934 income. At any rate, that is my interpretation of this provision.

Mr. RHODES: There is no increase in the tax. The provisions have reference to the

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depletion allowance, and the depletion allowance has reference only to the fiscal year 1935; it is not retroactive to cover last year in so far as the gold companies are concerned.

Mr. RALSTON: Does the minister contemplate under the bill any amendment to this item or the item in conneciton with corporation taxes, so as to remove the duplication referred to by the hon. member?

Mr. RHODES: I have none in mind at the moment with respect to either the corporation tax or gold. There is one amendment which may be introduced in the committee stage of the bill with respect to the gift tax, but not with respect to the corporation tax or gold.

Mr. RALSTON: It has been pointed out that there is a substantial increase in taxation so far as gold mines are concerned. There is a decrease in the depletion allowance. The depletion allowance was fifty per cent and is now thirty-three and one-third per cent. There is now an increase in the corporation income tax rate and the net result, as calculated by those who are interested, is a forty-four per cent increase in taxation on the net operating income of mines subject to the bullion tax. In addition to that, the bullion tax remains on for the first five months of 1935. That is, the new increased taxes are put on and at the same time the old bullion tax remains for five months of 1935. I presume the minister has had representations in regard to this matter and has made a definite decision, but it does seem rather unfair and not what was contemplated when he brought down his budget statement. It was not contemplated that there should be a definie increase and double taxation in connection with these mines when the general impression was that there would be a decrease in view of the fact that the bullion tax was being removed.

Mr. RHODES: If there is any injustice that ought properly to be remedied, I prefer to deal with it in committee stage on the bill. I have not been in close touch with my office for the last few weeks, but on the whole, while there may be exceptions, the present set-up of the gold tax is acceptable. It may be that in respect of one or two companies it varies inequitably, and if on inquiry it appears that this is so, I shall be glad to deal with the matter on the recond reading of the bill.

Mr. FRASER (Cariboo): I suggest to the minister that he give careful attention also to the question I have raised because I have information from a gold mining company that this is double taxation without any question about it, and I hope the minister will take care to see that it is not made applicable as a double tax. The contention is that the shareholder is now taxed notwithstanding that he has already paid the bullion tax. You make that retroactive.

Mr. RHODES: May I point out that the principle of the double tax obtains in our present taxation structure and has obtained for many years. Personally I have no hesitation in saying that there is a very serious objection to that, but it exists in our whole income tax structure. We have a situation where a company has paid its full income tax, yet when that income, which has borne a heavy tax, comes into the hand of the individual shareholder he in turn is called upon to pay an income tax on it. I would hope that in better circumstances and happier times we shall be able to depart from that practice. But right or wrong it is there and has been for many years.

Mr. FRASER (Cariboo): But the objection I am pointing out is that you are now coming back with this taxation and making it retroactive on the shareholder who has already paid the bullion tax.

Resolution agreed to.

8. That depletion allowance to be allowed to mining companies, the principal product of which is gold and silver, shall be 33⅓ per cent in lieu of the present allowance.

Mr. RALSTON: Will the minister permit me to say a word more, so that he may have this representation for consideration when the bill comes to be taken up? As I understand it, the situation is this, that by reason of the fact that the depletion allowance is reduced from fifty per cent to thirty-three and a third per cent and the corporation tax increased, there is a net increase of forty-four per cent in taxation. In addition, while that increase in taxation goes back to the 1934 period, the bullion tax is still on for the first five months of 1935, therefore there is not only a forty-four per cent increase in the corporation income tax, but there is also the bullion tax being paid at the same time.

Mr. RHODES: I shall be very glad to inquire into that angle of the proposals at the same time.

Resolution agreed to.

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9. That a tax of five per centum be imposed at the source on all royalties payable by Canadian debtors in respect of books, music and articles in magazines, to non-residents of Canada. The 12½ per cent deduction to be abolished in respect of the foregoing.

Resolution agreed to.

10. That a tax be imposed upon gifts inter vivos at the following rates, unless the income from such gift continues to be taxed against the donor, as provided for in the act;

Up to and including	$ 25,000			— 2%
Exceeding	25,000	but not exceeding	$ 50,000	— 3%
Exceeding	50,000	but not exceeding	100,000	— 4%
Exceeding	100,000	but not exceeding	200,000	— 5%
Exceeding	200,000	but not exceeding	300,000	— 6%
Exceeding	300,000	but not exceeding	400,000	— 7%
Exceeding	400,000	but not exceeding	500,000	— 8%
Exceeding	500,000	but not exceeding	1,000,000	— 9%
Exceeding	1,000,000			—10%

Provided that the rate be not applicable to gifts in the aggregate of $1,000 or less in any one year.

Resolution agreed to.

11. That amounts charged by any company or organization outside of Canada to Canadian companies in respect of management fees, services, use of patents, processes or formulae used in Canada, shall not be allowed as a deduction if the non-resident controls the Canadian company through the holding of shares, by affiliation with other companies, by agreement, or in any other manner.

Resolution agreed to.

12. That in respect of any taxpayer claiming reciprocal relief for taxes paid in Great Britain or any foreign country, such taxpayer shall not be allowed as against profits taxable in Canada the losses sustained in any such country.

Resolution agreed to.

13. That the amount received from income bonds or debentures shall be deemed to be a dividend for the purposes of the act and shall not be a deduction before determining the taxable income of the corporation paying any amount in respect of such income bonds or debentures.

Mr. RALSTON: I was in touch with the officials of the department, and I think there is under consideration some amendment in order to provide for income bonds issued as a result of reorganization.

Mr. RHODES: Yes, in the bill itself as already drafted there is an amendment which will take care of the situation. It will be apparent when I introduce the bill, and I assure my hon. friend it will be dealt with at that time.

Resolution agreed to.

14. That any enactment founded on the foregoing resolutions shall be deemed to have come into force at the commencement of the 1934 taxation period and to be applicable thereto and to fiscal periods ending therein and to all subsequent periods, with the following exceptions:—

(a) As to any mining company, the principal product of which is gold, which has contributed to the tax on the premium value of gold as enacted by part XV of the Special War Revenue Act, any enactment founded on resolution No. 8 shall be deemed to have come into force at the commencement of the 1935 taxation period and to be applicable thereto and to fiscal periods ending therein and to all subsequent periods.

(b) That any enactment founded on resolution No. 10 shall be deemed to have come into force at the commencement of the 1935 taxation period and shall be applicable thereto and to subsequent periods.

Mr. RALSTON: The same remark I made in regard to No. 8 applies to this.

Mr. RHODES: Yes.

Mr. RALSTON: I want to say a word in regard to No. 14. I have stood in my place so often and protested against retroactive legislation that I have begun to think it is perhaps of no use to do so. But I am sure the minister in his heart of hearts will agree —I think he has agreed—that in principle retroactive legislation is unsound. He said that taxation proposals have been made retroactive in the past, but he knows that those proposals generally had to do with reductions and not with increases. I submit in all seriousness and earnestness, not only on account of corporations but on account of individuals and income tax payers who are affected by lessened exemptions, that it is a bad principle, after a man has made his income tax return, after he has made his commitments for the year thinking he knew what the income tax was—and the same applies to corporations—that the government should come in and say that an additional impost shall be levied in respect of that year's income. It is wrong in principle; it is almost a violation of contract, because surely people are entitled to believe that the laws on the statute books applicable to a given period will be observed when the tax collector comes around. But that is not

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so if we act in accordance with resolution 14, by making these provisions retroactive. I protest with all earnestness I can against that sort of legislation.

Mr. RHODES: In reply to my hon. friend let me say at once with absolute frankness that I agree in principle with the general tenor of his whole remarks. I have already made a similar statement on other occasions. It is a real hardship to the individual and I believe in principle it works an injustice. I regret to have to be associated with continuing what I believe to be an injustice. But there is an old saying that I think is particularly applicable in the case of a minister of finance dealing with a situation under difficult circumsances, that "he must need go that the devil drives." Nothing but the sheer necessities of the case would warrant my being a party to proposals of this character. I do hope that we are not far removed from the day when we shall get away from it entirely.

Mr. RALSTON: I may make a representation to the minister when the bill comes up with regard to one flagrant case, where even the retroactive feature is applied inequitably. Some companies do not have their fiscal year correspond to the calendar year. The result is that retroactive feature applies to what they call the 1934 period, which in the case of some companies may have ended in March, 1934. The effect therefore of that retroactive section is that the whole increase in taxation goes back a year, or from March, 1934, to March, 1933. In other words, nine months of the 1933 business is being taxed at the new rate, simply because of the fact that the resolution and the bill founded on it will go back to the 1934 period. I suggest to the minister that at least the retroactive feature do not go back beyond January 1, 1934. Even with that I submit that we are entirely violating the principle which he himself admits, and of which I submit no necessity justifies a breach.

Resolution agreed to.

SPECIAL WAR REVENUE ACT AMENDMENT

Resolved, that it is expedient to amend the Special War Revenue Act and to provide:—

1. That schedule I to the said act, as amended by section twenty-six of chapter fifty of the statutes of 1932-33 be amended by adding thereto the following words:—

"Devices commonly or commercially known as lighters, which produce sparks, flame or heat, n.o.p., 20 per cent.

Such devices when combined with pencils, cigarette or other cases, on the combined value, 10 per cent."

Mr. RHODES: I have an amendment to move to the effect that the minimum tax upon an individual lighter shall be ten cents. There has been some discussion with respect to this tax. I wish to say to the committee, and I hope that they will accept my statement as an exact statement of fact, that this tax was initiated by myself, and the sole idea in initiating it was to protect the revenue. They have a similar tax in Great Britain; they have one in France. The reason is obvious to those who make inquiry; a substantial source of revenue in this and other countries has been the tax upon matches. The yield from that tax has been diminished to a very large extent by the use of the lighter, which bears no tax. To give you an idea of what it means in the way of taxation, in England the minimum tax on a lighter is a shilling. Here I am suggesting it should be only ten cents; I think I am overmodest. In France the minimum tax is thirty-two cents and it goes up to $15.60 on an individual lighter. The revenue on matches last year dropped a quarter of a million dollars; it is in round figures $1,000,000 below what it was four years ago. The tax is introduced solely for the purpose of endeavouring to protect that revenue.

Mr. MACKENZIE (Vancouver): A tariff for revenue, not protection.

Mr. RHODES: To the extent that this tax discourages the use of lighters, to that extent it will increase the consumption of matches and restore to the treasury that measure of taxation. My amendment is:

Provided that in either case the tax hereby imposed shall not be less than ten cents in respect of each such device.

Resolution as amended agreed to.

2. That schedule III to the said act, as enacted by section eighteen of chapter forty-two of the statutes of 1934, be amended by adding to or inserting therein the following words: "grain or seed cleaning machines; pit props and packwood for use exclusively in mines; casein."

Mr. RHODES: I have an amendment to this resolution also, adding after the word "casein" the words "wood shavings and sawdust". It is designed to remove the sales tax from wood shavings and sawdust.

Mr. REID: Before the resolution carries I should like to make another appeal to the minister with regard to the sales tax on peat moss. I realize that it would be hardly possible to impose a sales tax against which some section of the country would not complain, but my information is that this tax was placed on peat moss due to the fact that some firm

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in Alberta was using peat to make insulating board which entered into competition with other insulating materials already on the market, and it was thought only reasonable and fair, since there was a sales tax on insulating material, that peat made into insulating boards should be taxed as well. In British Columbia, however, peat is not used for that purpose. In that province peat moss is used by the poultrymen, and heaven knows that with the present low prices for eggs and high cost of feed the poultrymen cannot afford to pay any tax. It is used for litter in the chicken houses, and I appeal to the minister in all fairness to differentiate between peat moss used for the manufacture of insulating material and peat moss used for litter in chicken houses. The moss used as litter costs only about one-third as much as the moss used for insulating material, and it does not enter into competition with anything. I appeal to the minister on behalf of the poultrymen, and of course on behalf of the company putting up this material.

Mr. RHODES: At the moment I have not the data before me which would enable me to give my hon. friend a comprehensive answer but I will look into the matter, and if it is one upon which action can be taken I shall be glad to deal with it when we are in committee on the bill. In any case I shall be able to advise my hon. friend more fully at that time.

Mr. ILSLEY: I should like to ask the minister why these cigarette lighters are put in schedule I of the Special War Revenue Act. I looked up schedule I to see what it contained, and the only other commodity dealt with in that schedule apears to be automobiles. I should think this would be an ordinary sales tax rather than an excise tax. Is there some reason for putting it in with automobiles?

Mr. RHODES: I am advised by my legal advisers that it is in its proper place as an excise tax. That is the only answer I can give my hon. friend, who of course is a much better lawyer than I am.

Mr. ILSLEY: I thank the hon. gentleman for the compliment but I have found a great deal of difficulty in going through the various amendments and amendments to amendments contained in the statutes. If I may be permitted to make the suggestion, I think there should be a consolidation of the war revenue act in the statutes, for facility of reference. It occurred to me that there is a vast number of commodities subject to the sales tax, and this appears to be just another such commodity.

Mr. RHODES: No, this is an excise tax.

[Mr. Reid.]

Mr. ILSLEY: Could the minister explain the difference? I cannot make it out from the act.

Mr. RHODES: This is a special excise tax on a given commodity and it is placed in the class with all other excise taxes which are applied upon an ad valorem basis. The only answer I can give is that the legal advisers tell me it has been placed in its proper schedule. That is the best answer I can give.

Resolution as amended agreed to.

3. That schedule IV to the said act, as enacted by section twenty-nine of chapter fifty of the statutes of 1932-33, be amended by adding thereto the following words:

"Articles manufactured or produced by the labour of the deaf and dumb in institutions in Canada established for their care, or under the control or direction of such institutions."

Mr. RALSTON: I want to ask the minister if he has given serious thought to putting these articles in the schedule which provides complete exemption. I think the minister is to be congratulated on granting at least the fifty per cent exemption, but I wonder if he has considered going the whole way. I believe the committee would be prepared to do so if the minister approved.

Mr. RHODES: I may say to my hon. friend that I gave this matter a very great deal of thought. Naturally one's compassions are moved in considering the question of the blind, the deaf and the dumb, but in the case of the blind I found that even the half remission works a hardship in the case of some industries which themselves are employers of blind people. Take the case of a blind man who manufactures a broom. The mere fact that he is blind and that he goes about trying to sell the broom gives him an advantage in approaching the householder, whose sympathies are at once moved by the circumstance that the man is blind. Even the half remission in some cases has worked hardship to industries which have been established in this country for many years. If we went the whole way I believe it would work an irreparable hardship. What I have said with respect to the blind is true with respect to the deaf, who by this amendment we are placing for the first time on precisely the same footing as the blind. I have discussed this question with those who are blind and others who are associated with the work of the blind, and I think I can say that all fair minded men of that class to whom I have spoken have agreed that in going the half way, we have gone as far as we reasonably can in justice to all our citizens.

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Mr. RHODES: Yes. I do not shield myself behind the circumstance that the reduction is made in consequence of a report of the tariff board after full inquiry and finding, but I leave it to the good judgment of the committee whether in the circumstances the dire disaster which apparently the biscuit manufacturers think will overtake them is likely to occur.

Mr. LAPOINTE: I would follow the minister down a little more.

Mr. YOUNG: I notice in the letter which the hon. member for Cartier has just read the Canadian biscuit manufacturers object to English biscuits coming in because they contain no paper products. I do not consider that is a very serious objection.

Mr. JACOBS: The writer refers to the containers, I fancy.

Mr. ELLIOTT: I should like to call the attention of the minister to the fact that I have received several telegrams to the same effect. I assume his mind is quite clear on the subject.

Mr. RHODES: Perhaps every hon. member who lives within one hundred and fifty miles of an industry of this kind has received similar communications. I have received dozens of them. The wires have been quite warm as a result of the sending of telegrams to me, but that is nothing new.

Mr. QUINN: I have also received similar telegrams, one from a biscuit manufacturer in Halifax, Moirs Limited, and also telegrams from Christie Brown and Company and others. I suppose the answer is the same to all.

Mr. BROWN: I do not suppose the hon. member for Weyburn has received similar telegrams.

Section agreed to.

Sections 6, 7 and 8 agreed to.

Bill reported, read the third time and passed.

INCOME WAR TAX ACT

Hon. E. N. RHODES (Minister of Finance) moved the second reading of Bill No. 80, to amend the Income War Tax Act.

Motion agreed to, bill read the second time and the house went into committee thereon, Mr. Smith (Cumberland) in the chair.

Section 1 agreed to.

[Mr. Euler.]

On section 2—Company rate of tax.

Mr. CHURCH: I would like to ask one question on behalf of the municipalities of the province of Ontario. Any section of this bill might serve to cover it. I introduced a resolution on coordination of income tax in this house on this question in 1927, and it was continued in 1928 and 1929. From 1867 down to the introduction of the Income War Tax Act in 1917 the income tax was the exclusive field of the municipalities. As we all know, at present the municipalities are having a very difficult time owing to conditions. Their sources of revenue are restricted by statute. There has been a gross invasion of their field both by the dominion and by the provinces. I do not object to the dominion levying income tax, because they had to carry on the war, relief and unemployment, and have other heavy burdens. But the present Ontario government have announced that next fall a special session of the legislature is to be convened in order that we shall be given the unexpected joy in the province of Ontario of a triplicate income tax. The income tax of the dominion government is collected chiefly in Ontario and Quebec; a very small part comes from the other provinces. The returns from the city of Toronto for the last year of record were $17,486,000, and for the city of Montreal, $18,893,000. I raised the question of the legality of this provincial tax in 1927, and I think the question is a cogent one whether the proposed tax by the province of Ontario is direct or indirect and the method of collecting illegal. The method of collecting it is both direct and indirect.

This burden of a third income taxation is going to retard the growth of industry in Ontario. There should be some coordination, because in view of the period of unrest we are going through and the condition of business to-day, industry cannot carry any further burdens. I should like to know if any negotiations on this matter have taken place with the provinces, or whether any reference is to be made to the supreme court, because it is in the interest of the taxpayers and the provinces that it should be done. This income tax comes very largely out of the working classes. They had an investigation of this in Washington and it showed a dreadful state of affairs—people like Pierpont Morgan with an income of millions paying no income tax at all. They are now bringing in a provision for registration, I may say that there is registration to-day in Toronto on municipal income tax and there are facilities there for anyone to go to the city hall office and find what income taxes have been paid. Are we going to wait for the Ontario government to put the

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present time. But we should prefer to have this section made applicable to farmers' machinery, for we certainly need cheap machinery in the west to-day.

Mr. RHODES: I am not aware that there is any bootlegging in machinery or any illicit importation. If there were it could be dealt with similarly. That was the reason for the action taken. It is not a question of cheapening the product as such; it was a question of attempting in this way to make at least a contribution toward the elimination of bootlegging.

Mr. RALSTON: I do not want to delay the committee, but I would ask the minister to consider inserting the word "tariff" before the word "concessions." It is advisable that we keep tariff matters within the tariff ambit rather than to contemplate some bargain the consideration on one side of which might have nothing whatever to do with tariff.

Mr. RHODES: I shall be pleased to consider the matter. If the committee in its wisdom decides to report the bill, I can hold the third reading and, if it is thought advisable, it can be moved back into committee. There is nothing in my mind other than having an instrument which will be of use; that is all. It may be thought wise on reflection to limit it in the sense suggested by my hon. friend.

Section agreed to.

On section 5—schedule A amended.

Mr. JACOBS: Does this deal with item 66a, biscuits?

Mr. RHODES: Yes.

Mr. JACOBS: I have a letter here received from the Canada Biscuit Company, Limited, and which I wish to place before the committee. This company owns and operates the following companies:

McCormick Manufacturing Company, Limited, London, Ont.
J. A. Marven Limited, Moncton, N.B.
Montreal Biscuit Company, Limited, Montreal, Que.
D. S. Perrin and Company, Limited, London, Ont.
Paulin-Chambers Company, Limited, Winnipeg, Man.
Northwest Biscuit Plant, Edmonton, Alta.
Northwest Mill and Feed Plant, Edmonton, Alta.

I would cite a few excerpts from this letter, which is dated June 3, 1935:

It has come to our notice that the government are considering the passing of an act which will allow English-made biscuits valued at over twenty cents a pound to come into Canada duty free—this would cause untold damage to every high grade biscuit manufacturer in Canada, as it is impossible for a Canadian manufacturer to compete with the large-volume production of the British manufacturer on high-grade biscuits. The effect of this legislation would be to force all Canadian manufacturers to make very cheap quality goods at low prices on which there can be no profit.

Canadian biscuit factories are chief market for Canadian soft wheat, and are very large users of butter, eggs, lard, sugar, cheese and paper products.

United Kingdom biscuits contain no Canadian wheat, butter, eggs, lard, sugar, cheese and practically no paper products.

Even allowing for the present tariff, it is a known fact that the biscuit industry of Canada has suffered very severe losses. The industry represents an investment of many millions of dollars, and if this legislation is allowed to become effective, the results will be further large numbers of unemployed in the biscuit industry, and terrific losses of capital.

Will you please use your very best efforts in conveying these facts to the interested party? If you require any further information please do not hesitate to call upon me.

I would recommend that you communicate with Mr. Hanson, the Minister of Trade and Commerce, as I understand that Mr. Rhodes in addition to being a sick man is deluded with all kinds of other matters so that he could not give this serious question the attention it deserves.

In regard to the last sentence, I wonder whether the writer refers to the other members of the government or to the members who sit behind the minister. At any rate I feel I have done my duty when I bring this matter to the attention of the minister, pointing out to him that this protest comes from practically every part of Canada; every biscuit manufacturer is represented.

Mr. CASGRAIN: I have received a similar communication.

Mr. RHODES: The Minister of Finance is "deluded" with many other matters. I may say that I am sure my hon. friend is deluded also if he subscribes to the prayer or request contained in the letter, because as a matter of fact the total importation of British biscuits is one-third of one per cent of Canadian consumption. Furthermore, Canadian biscuits in price have ranged from eleven to fourteen cents per pound, and the class of biscuits from the United Kingdom affected by this reduction in the tariff range in price from twenty-seven to thirty-four cents per pound, so that this tariff action had reference to what might be termed—and I say this not offensively—a luxury product.

Mr. EULER: Fancy biscuits.

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cards on the table? As far as the assessment rolls and the collector's rolls are concerned you can walk into the office of the city clerk and turn up the rolls and find out what every person and corporation is paying in income tax to the municipality. The same applies to wills, deeds, and bills of exchange and lien notes and many other matters; they are all registered and open to inspection by the public, and I do not see any reason why there should not be similar publicity concerning income tax

As one of the representatives of an industrial city I protest against a third or provincial income tax in Ontario. The cities are already paying more than they can afford for the burden of government. It is all very well to talk about maritime rights and Pacific rights and prairie rights, but what about the rights of the old industrial provinces of Ontario and Quebec who pay over 84 per cent of the federal income tax? We hear a lot about the rights of minorities, but what about the rights of majorities who have to pay all these taxes to maintain this country? I protest against this tax by the province. Under section 92 of the British North America Act they have the right of direct taxation to raise revenue for provincial purposes, but not by the widest extension of imagination can it be said that the provinces should take from the municipalities the income tax powers of taxation which they have held from time immemorial. I do not know what is to become of the municipalities of Ontario if they do not get some relief. Are we to wait, year after year, and have these provincial burdens increased? It would be a godsend to the people of this country if there had never been provincial governments. It was the greatest mistake the fathers of confederation ever made; it was done for political rather than for economic reasons, and we see the result in overtaxation and over government.

I have been asked to mention this matter on behalf of some of the municipalities which are being crushed at the present time owing to the burden of relief. A large number of properties are up for sale for arrears of taxes; in many cases the mortgagee has taken possession, and now are we going to add another income tax? This government or any other government in charge of the affairs of this country at present and for years to come will no doubt have to have this federal income tax. The present government and the minister have taken over regarding relief from some municipalities many of their obligations; in fact I do not know where the municipalities would have been had we not had the Unemployment Relief Act, as the hon. member for St. James (Mr. Rinfret) mentioned in connection with Montreal. It is not the only city in which that situation exists; almost every large city in the country would have been in an even worse position than it is at present had it not been for the very active support which the federal government gave to the larger municipalities. But when we have an announcement from the Ontario government that they are going to ask publication of income tax matters and require affidavits or provide that people may be examined on oath by the local commissioner, and when you see what they are doing in the United States, allowing people to go to the register and see what is being paid, then I think that in the interest of more revenue for this government a similar amendment might made in the law here. I do not wish to detain the minister; I am sorry on his account for having to mention the matter, because I have a great admiration and respect for him and sympathy with him in respect to the burden he has had to bear for the last ten years, not only in this parliament but as a provincial leader. But I should like to hear from him anything he can say in a few words as to the legality of the proposed provincial tax and the method of collection.

Mr. RHODES: I do not think there is any question as to the right of the provinces to impose this tax. It is a direct tax. As far as it is a direct tax it is strictly within their legislative competence. Neither is there any question as to the right of the dominion to impose this tax. That was settled in the case of the King v. Caron, which went to the privy council, the judgment being delivered by Lord Haldane, who decided that the dominion had jurisdiction. It is perhaps unfortunate that there should be a threefold tax, but as far as that is concerned the question is between provinces and municipalities and is one which must be settled within the province; it is not one which we can settle here. There are certain phases of the incidence of this tax which do work an injustice. That is, a man has a certain income, and income tax is imposed by the dominion. When the province imposes an income tax it is imposed not upon the residue of his income after he has paid the tax to the dominion, but upon his whole income as though he had actually received it, although as a matter of fact he has parted with a portion of it. The same statement applies to its application in the case of the municipalities. We had that, among other things, in mind when we sought to have a dominion-provincial conference last autumn. The question of income tax was placed upon the agenda of the proposed con-

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ference and I think it was unfortunate that we were unable to have that conference, because that was one subject that perhaps we could have dealt with in a manner that would have made it more equitable in its application not only as between the dominion and the provinces but perhaps also as to the individuals whether they pay taxes to the provinces or to the dominion. As a matter of fact, however, we could not have the conference for the reason that we could not secure the attendance of representatives of all the provinces; more than one raised objection to a conference being held at that time. It follows, of course, that there will be no possibility of a conference this year unless it is held late in the autumn, after a new government is in office.

Mr. LAPOINTE: Hear, hear.

Mr. RHODES: I do hope, however, that for the wellbeing of the country the incoming government, whether it be this or another government, will take some action. I notice my hon. friend from Quebec East smilling when I use the term "new government." He has in mind the circumstance that it will be a government of some other party. I had no such circumstance in mind. What I had in mind was that we will have a newly elected government with a newly elected parliament.

Mr. LAPOINTE: I withdraw my smile.

Mr. RHODES: We have no misgivings upon that point; in due course we will know the answer. In all seriousness, however, I do express the hope that there can be a fair and frank discussion between the dominion and provincial governments in the hope that there may result something fairer in the way of the application of income tax. It is all very well to discuss the dominion giving up the tax. Municipalities and provinces are put to it for revenue, but it requires no stretch of the imagination to realize that the dominion government is also in dire need of revenue, and that will be so for a number of years or at all events until some solution has been found of many of the problems we have before us at the present time. So it is idle to discuss giving up this tax, but I do think in fairness we can discuss with the provinces a more equitable application in the hope that it will improve conditions not only as they concern the dominion and the provinces but also as they concern the individual taxpayer.

Mr. EULER: I am glad to hear what the Minister of Finance has to say with regard to the multiplicity of taxes and the undersirability of such a condition. But I should like to remind him that the government of which he is a member, and in fact the previous government, have practised the same thing even within the dominion itself. I know there is not usually a great deal of consideration or sympathy for corporations or those who derive their incomes from corporations, but if I recite the facts briefly it might be of interest to the committee. So far as income tax is concerned a joint stock company pays on its profits a tax of 13½ per cent. Another business, perhaps of the same nature—and I believe I referred to this last year or two years ago—which happens to be carried on by a partnership or under a single proprietor, making the same amount of profit, escapes that tax altogether. There, I say, is an unjust discrimination. First, so far as the corporation is concerned, there is the 13½ per cent tax. Then when the balance of the profits are distributed among the shareholders they again pay taxes as individuals. Then the provinces comes along and exacts a tax from the corporation. Now we have the announcement by the premier of the province of Ontario that he is going to propose an income tax also. That will be a fourth tax. Then the municipalities, at least in the province of Ontario, exact still another income tax, so the man who happens to get his income from a joint stock company—and I am no special pleader for those who hold stocks in joint stock companies—is faced with the probability of having to pay five income taxes in one form or another.

I should like to suggest to the minister that he is certainly on the right track when he suggests that there should be some sort of getting together to prevent this multiplicity of taxes. It is perfectly right that those making a great deal of money by way of income from stocks or bonds should pay a proper tax, but surely it cannot be right that the jurisdiction should be spread over municipalities, provinces and the dominion so as to bring about practically fivefold taxation on the same income.

In conclusion I just want to repeat what I said two years ago, or perhaps it was last year, with regard to the absolute injustice of the double taxation now exacted by this government from those who happen to get their incomes from stocks. It is a discrimination against joint stock companies, and after all that is a fair method of doing business. Consider two businesses side by side, perhaps in exactly the same line of business. One is operated as a joint stock company, perhaps with almost all the stock owned by the same

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man or the same family. Next to that business or across the street is a firm doing business under a single proprietor or a partnership. The joint stock company pays an income tax of 13½ per cent while the other business escapes that tax altogether. In addition all the individuals concerned pay taxation on their incomes. I say this is a double tax that is utterly inexcusable unless it arises through the necessity of securing revenue, and even that ought to be subject to the ordinary laws of fairness and equity.

Mr. RHODES: With the general tenor of the remarks of my hon. friend I am in entire accord and sympathy. I rise only for the purpose of correcting what I know was said by him inadvertently and in error, when he spoke of double taxation having been imposed by this government. That principle obtained during the whole of the nine years that hon. gentlemen opposite were in power.

Mr. EULER: I said it was imposed by this government; I did not say it was inaugurated by this government. It was imposed by the previous government as well, but that does not make it any more just.

Mr. RHODES: Quite so. I mention that only for this reason, that by the layman the statement of my hon. friend immediately would be interpreted to mean that this government was responsible for the condition; that is, that the Bennett government was responsible.

Mr. EULER: I did not say that, but this government have accentuated the condition by increasing the tax from time to time.

Mr. RHODES: Perhaps it is a question of degree. I might say to my hon. friend, however, if he wants to pursue the discussion along that line, that the government of which he was a member not only maintained this principle all during the period it was in office; it maintained the principle during a period of prosperity when there were abounding revenues. If it could be justified under those conditions what can be said of a government in office during the period of the greatest depression in the history of the world, when governments all over the world are hard put to it for every cent of revenue they can derive?

Having said that I do not for a moment want to go back on what I have already stated as to the injustice of the principle of double taxation. It is unjust, and I hope the time is not far distant when we may be able to get away from it. As I pointed out last year, it is all very well for us to feel that a certain principle is not to our liking, but it is quite another thing to have to forfeit several millions of sorely needed revenue under the conditions which exist today.

Mr. RINFRET: Before the section is carried I should like to make an observation which I think is in order at this time. There has been much confusion in the minds of many taxpayers this year—probably it existed in previous years also—with regard to the retroactive feature of the changes and increases in the income tax, especially with regard to unearned or investment income. Quite a number of my constituents came to me to find out whether in the returns to be filed April 30 they had to provide for the changes in regard to investment incomes. I directed them to the officers of the Department of National Revenue. I was quite aware, of course, that these changes were retroactive and, consequently, should be provided for in the returns, but the confusion was brought about by the fact that in the first place the changes had not been adopted by the house—in fact they have not been adopted yet—and in the second place the forms supplied to the public made no provision at all for investment incomes. I feel sure therefore, that a large number of the returns that have been received by the department up to the present have made no provision at all for that new feature. I will take the stand that perhaps it might be a good thing for this government or the government to come to consider the advisability of not making these changes retroactive. I understand that it has been working both ways When the income tax was reduced by the former government it did apply to the previous year, and therefore when it is increased it seems only fair that it should be made retroactive, but there may come a time when the income tax will be increased by such an amount that the income tax payer will not have made any provision to meet the increased tax exacted from him, and I am not sure that it would not be advisable to consider whether, when changes are made in the income tax, the new tax should be made applicable to the current and not to the previous year. However, that was not my point.

I am quite aware that a large number of taxpayers have probably not provided for the investment income in their returns this year.

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I see that section 15 provides that interest shall be charged on the tax imposed by section 2, and I would ask the minister why that special section is in the bill.

Section 16 says:

Sections, one, two, three, four, five, six, seven, eight, ten, eleven, twelve and thirteen of this act shall be applicable to income of the 1934 taxation period.

Does that mean that in the case of every taxpayer who has failed to file his return according to these sections interest will be charged from the thirtieth day of April also?

Mr. RHODES: Mr. Chairman, I would be disposed to agree with the objection raised by my hon. friend that it would be preferable in dealing with the income tax to get away from the retractive feature, but that feature has been in our income tax from its beginning. In that respect there has been no change in the method of applying the tax this year as against former years, not only with respect to this government but preceding governments. I can speak from a somewhat painful experience with respect to the difficulty in which the taxpayer is placed because I recall very well that I had to pay in one year an income taxe which was greater than my income in the year I paid the tax, and I had to resort to the banks to borrow money to pay the income tax. So I can speak feelingly of the position the taxpayer finds himself in who is called upon to pay a heavier tax in a year when his income has been greatly reduced. It is very difficult to defend that, but before we can alter our system we have to have a treasury overflowing to such an extent that we can forego one year's income tax. That is just about the plain fact of the matter, and in those circumstances we are not in a position to change the method of applying the tax. It is the same to-day precisely in every respect that it has been hitherto.

It has alway been so that when there have been changes in the tax imposed, that change has come subsequent to the date upon which the income tax forms, having of necessity to be prepared in advance, have been sent out to the various income tax offices throughout the dominion. That difficulty has arisen hitherto whenever there has been any change in the income tax, and I do not see any way of avoiding it so long as we have the circumstance that the date for sending out the forms in the usual course practically always precedes the date when the budget ordinarily is brought down.

My hon. friend from St. James (Mr. Rinfret) put a specific question with respect to section 15. The principle there is precisely the same as has obtained in other years. It merely deals with the circumstance that inasmuch as the bill has not become law provision must be made for interest from the period when the taxation period commenced. There is nothing new in principle in section 15 from previous income tax acts.

Mr. EULER: Mr. Chairman, perhaps I am not in order because clause 16 is not under discussion, but as reference has been made to section 15 I might be permitted to ask a question in regard to section 16. It says that sections from one to thirteen inclusive with the exception of section nine "shall be applicable to income of the 1934 taxation period and fiscal periods ending therein and of all subsequent periods." The explanation in the bill implies that there are no changes except that the rate is increased from 12½ to 13½ per cent. I just want to make certain that this does not imply a change such as we had two or three years ago when the family corporation tax was abolished. I recall at that time that in the case of a company whose fiscal year ended with January instead of December the interpretation given by the department was, and I have no particular fault to find with the legality of it, that a company or an individual might be forced to pay a tax for twenty-three months and when you are paying a tax on a twenty-three months' period you would naturally get into the higher brackets, and the tax would be exceedingly high. I would like to know in regard to section 16 whether in the case of a company whose fiscal year ends with January the same sort of thing might be possible, because it says that it "shall be applicable to income of the 1934 taxation period and fiscal periods ending therein." Would that mean that if the year of a company ended January 31, 1935, the taxation period would be for the twelve months preceding January 31, 1935?

Mr. RHODES: Yes.

Mr. EULER: Then it says the taxation shall be applicable also to income of "fiscal periods ending therein and of all subsequent periods." Would a company have to pay for that year ending January 31, 1935, and also for the eleven months ending with January, 1935? In other words, would a company be called upon to pay taxation for practically two years?

Mr. RHODES: I recall very well the incident to which my hon. friend refers. This section has no incidence, no bearing nor application similar or analgous to that case.

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Mr. EULER: There is no possibility of them having to pay for a period of practically two years?

Mr. RHODES: No possibility of that arising. This has reference only to the extra one per cent and it has no bearing and there is no change with respect to the period to which the tax might be applied.

Mr. RALSTON: Since we are discussing the period to which the changed tax applies I understood that the 1934 taxation period, for instance, would be deemed to be any fiscal period which ended in 1934, and that therefore a company whose fiscal year ended March 31, 1934, would be obliged to pay the increased tax back to March 31, 1933, because the increase in the tax is made applicable to the 1934 period. In other words, the 1934 period included nine months of 1933. I brought that to the minister's attention when the resolution was up, and the minister was going to look into it. If that is the case it should be made clear that this only applies from January 1, 1934. When I say that, it is subject to all that my hon. friend from St. James (Mr. Rinfret) has said in regard to making these increases retroactive. I spoke to that point on the resolution and in previous years I have protested against it. I am not impressed at all by the fact that under previous administrations, as my hon. friend says, changes in the income tax have been made retroactive. As I have pointed out most of the changes were downward rather than upward, and I submit that regardless of who does it, it is wrong, it is unjust, it is unfair, it is inequitable, it is not good legislation to make increases in taxation or changes in the law apply to a period that has already been closed, the commitments for which have already been undertaken, the disbursements for which have already been made. As I suggested in the discussion on the resolution, it seems to me to involve a violation of what is an implied contract between the government and the taxpayer that his taxes for that period will be so much. The government comes in with a statute and says to the taxpayer: Although we said your taxes would be a certain percentage for this period, although you have based your commitments upon that percentage, we now propose to take so much more. That is not fair and it is not sound for business and it is not fair to the individual. If the treasury needs the money I submit that it would be better to provide for the levying of a double increase in the current year. We would thus preserve the principle that legislation is made for the future and not for the past. I believe the minister agrees with me in principle although he has said it is impossible to do this because of the necessities of the treasury. I submit we ought to make a change in this respect and not make increases in taxation retroactive. With that general observation I couple the special case to which I have referred and to which the hon. member for North Waterloo (Mr. Euler) has referred, the case of an organization with a fiscal year ending during 1934. I understand that such a company will now be taxed back into 1933.

Mr. RHODES: The law with respect to the fiscal year of corporations will be found in section 35 of the Income War Tax Act, which reads:

Notwithstanding the provisions of section 33 of this act,—

Section 33 has reference to the general returns.

—any corporation the fiscal year of which does not coincide with the calendar year, shall make a return within four months from the close of its fiscal year and the tax shall be computed as if the said fiscal year coincided with the calendar year within which the said fiscal year ends, and the provisions of this act shall mutatis mutandis apply.

Let me assure the hon. member for Shelburne-Yarmouth (Mr. Ralston) and the committee that when I say that this act was in force under preceding administrations I do not make the statement for the purpose of placing responsibility upon other governments for the actions of this government nor to evade the full share of responsibility which a government must take for its own acts. I do so solely for the purpose of emphasizing the difficulty in which the government is placed particularly when it desires to make a change in a period of stress such as has confronted us during the last few years and is confronting us to-day. My hon. friend has said that rather than have the retroactive phase of the taxation maintained he would prefer a double taxation applied in one year and let us start anew.

Mr. RALSTON: A double increase.

Mr. RHODES: As a matter of fact the retroactive feature, so far as it applies to incomes, has always been in the act. You could not tell how much income a man would make until the end of the year and you could not impose a tax upon this income until he had received it. In other words, you could not impose a tax upon income in advance as the income might be larger or smaller than expected. It is only after a man has received his salary or income that he should be told how much tax he will have

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to pay. The objection I have recorded with respect to this method of application, as far as this or any other government is concerned, is that it is right enough for a man or a company to pay an income tax under those circumstances if it is known that the rate of taxation will be the same next year or the year after but it is a different thing when there is an increase in the income tax and a man has to pay an additional tax upon income which has already been expended. I mention this to indicate the retroactive features to which I object and which I wish we could get away from. So far as the main principle of the act is concerned, it has been applied to the income of past years for the reasons I have indicated.

Mr. EULER: The minister's reply to my question was quite unequivocal and I was satisfied with it but since I have heard the remarks of the hon. member for Shelburne-Yarmouth (Mr. Ralston) and the reply of the minister I am not so sure that I should be satisfied. Take the case of a company the fiscal year of which ends, say in January or in any other month other than the end of the calendar year; will it follow under this amendment that that concern will have to pay taxes for more than twelve months?

Mr. RHODES: The method of applying the tax as a result of this section will not differ from that at present prevailing.

Mr. RALSTON: I know my hon. friend is making this as clear as possible but I do not think he has answered the question. The minister has his officers before him and I shall give a specific instance. A company ends its fiscal year on March 31, 1934, and an increase in corporation tax is provided by this bill which becomes law. Will the increase apply further back than January 1, 1934?

Mr. RHODES: If the fiscal period goes beyond that, yes. What I said in my answer to the hon. member for North Waterloo (Mr. Euler) was this: Assuming there had been a change in the company tax this year, the application of that tax would be precisely the same with respect to that company. The only change is with respect to the rate and the increased rate would be dealt with in the same manner as the other rate and as if there had been no increase.

Mr. RALSTON: There is still a very definite doubt in my mind as to whether the increases which are said to go back only to the 1934 period will not go back to 1933. The minister has directed attention to section 35 and it seems to me that that section would confine the increase only to the portion of the fiscal year which was within the year 1934.

Mr. RHODES: I do not think I can add anything to what I have said already. I say that it will apply beyond January of 1934 if the taxation period of the company goes back of that date.

Mr. RALSTON: As I understand it, the statute stops the fiscal period of the company at the beginning of the year 1934. By virtue of subsection 2 of section 35 the fiscal year of the company is made to coincide with the year in which the fiscal period ends. Does that not make the increase in tax stop at January 1, 1934?

Mr. RHODES: My hon. friend is usually very lucid but I do not think he has made the proper deduction from section 35.

Mr. RALSTON: I do not know why it was cited if it was not for the purpose of making that clear.

Mr. RHODES: It differentiates clearly from the calendar year.

Mr. RALSTON: No.

Mr. RHODES: Oh, yes.

Mr. RALSTON: It states that the tax shall be computed as if the said fiscal year coincided with the calendar year.

Mr. RHODES: It states specifically that if the fiscal year of the corporation does not coincide with the calendar year, it shall make a return within four months from the close of its fiscal year.

Mr. RALSTON: The next phrase is important.

Mr. RHODES: And the tax shall be computed as if the said fiscal year coincided with the calendar year.

Mr. RALSTON: I was misled, I know unintentionally, by the citation of that section. If that section means that only the rate applies for the portion of the calendar year, then I take it that the increased rate would only apply to January 1, 1934, in the case I mentioned.

Mr. RHODES: No, it applies to the end of the fiscal year of the corporation.

Mr. RALSTON: I submit that that is unfair and that the changes in taxation, if they apply to the 1934 fiscal period, should apply only to that portion of the fiscal period of the company which is within the calendar

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year 1934. It means that one company, if it is unfortunate enough to have a fiscal year ending March 31, 1934, will have to pay increased taxation for a period of nine months longer than the company whose fiscal year ends on December 31, 1934.

Mr. RHODES: There is no change in that respect; that feature has been there for some time.

Mr. RALSTON: I know that the minister is not the kind of man to take that attitude. Simply because an injustice has existed is no reason why it should continue. If it is unjust he should be prepared to make the change.

Mr. RHODES: I should like to have the privilege of being instrumental in making the change, but it is one thing to desire to do something and another thing to be able to do it. If I were Minister of Finance under other conditions I can assure my hon. friend that he would not have to make that plea.

Mr. EULER: I must protest. I am very much surprised that the minister should take that attitude. In effect he admits that it is unjust, and the only reason he gives is the necessities of the revenue. I do not believe that either the house or the minister will suggest that it is fair to exact from one company something that is not exacted from another. There is a discrimination there. In the one case the company pays for the full year and in the other case the increase goes back over a period of more than twelve months. Merely because it provides a very slight addition to the revenue is, I respectfully submit, not a sufficient reason why it should be done. If it is unjust it should be remedied, and it is no excuse for its continuance to say that it has been done before. It is no excuse to say that you are following a wrong principle which has been in force before. If the minister will give that point cool reflection I think he will make the change. The amendment could be made very simply and it would bring about justice.

Mr. RHODES: I wish to take decided exception to one deduction of my hon. friend. He suggests that this method of application makes a discrimination as between companies.

Mr. RALSTON: Taxpayers.

Mr. RHODES: If what my hon. friend suggests were done there would be a very marked discrimination. One company would pay for a portion of the year and another company would pay for the full year. All we do with respect to the tax is to make it applicable to a year. It is for the company to determine its fiscal year. We must tax for the full company year as laid down by law, and if it happens by reason of the circumstances that one company's fiscal year ends at a different period, which would make it pay a larger tax than another company, then it is to be regretted. But I know of no method of general application of the law which leaves it in the company's hands to have its fiscal year conform either to the calendar year or to a general scheme applicable to all companies. It is the company's lookout and I do not see how we can remedy that phase of it.

Mr. RALSTON: It cannot be the company's lookout if it is taxed after the year has been fixed. The year has been fixed first and the government comes in and says, "You having fixed that fiscal year, not knowing that there was to be an increase, will have to pay nine months more of taxation than another company doing business in competition with you, because your year ends March 31, 1934, and the other company's December 31, 1934."

Mr. RHODES: The principle is common not only to companies but to individuals.

Mr. EULER: If the principle is wrong, why retain it?

Mr. RHODES: I have indicated as plainly as I possibly can why that has been done. The reason is that we cannot forego revenue at the moment. I have already said that the principle would not apply in happier circumstances.

Mr. EULER: That is not a good excuse.

Mr. RHODES: It is a perfectly fair statement of my position and I do not know that I can add anything to it.

Mr. LUCAS: Has the minister been able to make an estimate of the additional amount of revenue under the amendments made this year to the Income War Tax Act?

Mr. RHODES: The estimate is $12,500,000.

Section agreed to.

On section 3—Earned income.

Mr. RALSTON: I want to congratulate the minister on the compliment he has paid members of parliament by including their indemnities in the definition of "earned income." It did not appear in the resolution but it is in the bill. May I now refer to a matter mentioned to me a good many times. Members of parliament do not generally legislate for themselves, but this does seem to be a matter which should have the attention of the minister—I refer to the living expenses of members in Ottawa. Income tax is paid

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on the full indemnity notwithstanding that the member in Ottawa has to spend a certain amount of money to earn that indemnity. It seems proper that an allowance should be made—the country would not criticize it in the slightest—to members of parliament who actually spend money for living expenses in Ottawa to become entitled to the indemnity.

Mr. RHODES: I accede to the view expressed by my hon. friend. As a matter of fact an indemnity is not an income at all, otherwise it is not an indemnity. I can speak with some knowledge going back more particularly to the years when I was first in the house, when we received $2,500. I never took a cent back to my constituency, and the demands upon the member at that time were as heavy as they are to-day and as numerous. I will go further. I think the question of living expenses in Ottawa ought to be taken into consideration. It is grossly unjust to regard the indemnity of members as income for purposes of income tax, and I commend to the incoming parliament—

Mr. EULER: Why not now?

Mr. RHODES: I would have done it willingly myself but for the fact that my motives would have been misconstrued.

Mr. EULER: Oh no.

Mr. RHODES: The new parliament is the body to take action of that kind, and so far as I am concerned, wherever I may be, I will subscribe to it fully. I do not hesitate to say frankly that I believe the Income Tax Act should be amended to exempt the indemnities of senators and members of parliament, because if they are not income they are not subject to taxation. Indemnities are what the name implies: they are merely intended to indemnify members for the sacrifice they make in expenditure and in time and in giving up their income to come to Ottawa. I make that statement with the greatest satisfaction, and I do hope that the new parliament will be much wiser and kinder to its members than this parliament and the preceding ones have been.

Mr. LAPOINTE: The minister will find in the Department of Justice an opinion of Sir Allen Aylesworth, a distinguished lawyer, who in strong language claims that this imposition of a tax on the indemnities of members and of senators is ultra vires the powers of this parliament and is unconstitutional.

Mr. RHODES: Whether it is or not, I have no hesitation in saying that it is unjust. I do not think it should be continued.

[Mr. Ralston.]

Mr. COOTE: I would direct the attention of the minister to expenses which we are allowed to deduct in determining our net income. For the last five years there has been a distinct difference of opinion between myself and the inspector as to whether or not I should receive an allowance at all for the fact that I require the use of an automobile. I use it both in my business, in carrying on my farm, and in earning my indemnity. I have a large constituency and I do not think I am exaggerating when I say that in carrying out my duty as I am expected by my constituents to do it, I must cover at least 5,000 or 6,000 miles of country roads every year. In addition to that, I do a good deal of travelling back and forth to my farm. I am using my car in carrying on my farming operations part of the time and on other occasions I am using it in earning my indemnity. I have been consistently opposed in that view by the inspector of income tax. I really think that right and justice would be on the side of any man in my position, that is in using a car either in the superintending of his farming operations or in earning his indemnity in visiting his constituents. As I have been unable to get any redress through the inspector of income tax, I want to give the matter a little publicity while we have the inspector and the commissioner of income tax here. I think I am justly and legally entitled to an allowance for the use of my car, because men in almost every other occupation are getting an allowance for that; they are being allowed to deduct the expenses incurred in running their cars, and certainly a similar allowance in this connection should be made to members.

Mr. NEILL: I would like to endorse the remarks of the last speaker. It is well known we incur expenses solely and entirely in connection with being members of parliament, and yet we are not allowed to deduct as part of our expenses, for instance, the hire of stenographic help and payment of travelling expenses. Like my hon. friend, I have endeavoured to charge this up and have not been allowed to do so. I understand some years ago an amendment was inserted in the act which allowed a commercial traveller when he was away from home, to make a charge for his expenses thus incurred. At that time it was expected that members of parliament would qualify under that section for exemption, but some wiseacres in the customs or excise decided that being a member of parliament is not an occupation or a business—they did not define what it was; a

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recreation, I presume—and on that ground the application failed.

I just want to make this suggestion in regard to the remarks of the Minister of Finance: he says that he thoroughly appreciates the situation and he himself would be glad to make the reform that is asked for, but for the fact that it would look as if he were legislating for himself or as if we were legislating for ourselves, and he commended the reform to the next parliament. But I suggest that now is the correct and precise moment for him to take action and to have it not take effect until the following parliament. That would relieve him and us of the suggestion that we were legislating for ourselves. If it takes effect then, heaven knows who will be here to constitute the next parliament. It is the custom, when any increase in salary for the members of a legislative body is being made, for the outgoing legislature to take the action, because that takes away the reflection of men legislating for themselves. The Minister of Finance evidently has the support of the house in this reform; he is in favour of it; why not pass it now with the condition that it shall not take effect until the next parliament?

Mr. RHODES: I shall be pleased to consider the suggestion made by the hon. member for Comox-Alberni (Mr. Neill), but I would have to confer with my colleagues before I could take any action. My suggestion, if it is agreeable to the committee, is that we pass this bill, and if my colleagues concur in the idea, which appeals to me personally, I would ask that an amendment be made to the bill in the upper house. So far as I am concerned I am quite prepared to support the idea, but my hon. friend will understand that I cannot take action without conferring with my colleagues.

Mr. NEILL: There is a precedent for this. In British Columbia such a deduction is allowed by the provincial income tax department. It used to be $2,000; now they have reduced it to $1,000.

Mr. RHODES: That is because it is a matter of law, and that is the difficulty the commissioner of income tax has at the moment with respect to the situation referred to by the hon. member for Macleod in regard to the use of an automobile. The deductions for travelling expenses are laid down specifically in paragraph (f) of section 5 of the Income War Tax Act, which reads:

> Travelling expenses, including the entire amount expended for meals and lodging, while away from home in the pursuit of a trade or business.

It is obvious that it would be hard to construe that language to cover a member of parliament as pursuing a trade or conducting a business.

Mr. MACKENZIE KING: It is the noblest of all callings.

Mr. YOUNG: If a man has a business.

Mr. RHODES: If a member of parliament has a business which he conducts, that is quite another matter, but my hon. friend was referring to the circumstance that as a member of parliament he requises the use of a motor car in going about and doing government business, and that there should be a deduction on this account. May I say this: If we do have the law amended deleting the indemnity from being taken into account in the income tax, we shall have gone a reasonable distance. I think under those circumstances a member cannot keep a proper check in respect to the use of a motor car on government business.

Mr. COOTE: My complaint was chiefly in regard to the fact that no allowance is made for my expenses in travelling to my farm and back. That certainly was my business as distinct from being a member of parliament and the indemnity one receives therefor. The reply was: If you used this car exclusively for that purpose, the allowance would be made. But as I used it for other purposes I could not seem to convince the inspector of income tax that I should get any allowance for that. I just felt that the act was not being administered fairly in that regard.

Mr. RALSTON: May I call the attention of the minister to section 6 (a) of the act which I presume he has before him. This gives him additional latitude. It provides that:

> In computing the amount of the profits or gains to be assessed, a deduction shall not be allowed in respect of—
> (a) disbursements or expenses not wholly—

This is where they get the hon. member for Macleod, I presume:

> —exclusively and necessarily laid out or expended for the purpose of earning the income.

There the words "trade or business" are not used, and "income" is defined by the statute as including indemnity. I have felt indirectly that can mean that an allowance could be made where the disbursements were made wholly for the purpose of earning the indemnity; that is to say, expenses for living in Ottawa which are made for no other purpose than earning the sessional indemnity.

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Mr. RHODES: That would be true no doubt, if the condition continued to obtain that the indemnity was regarded as income.

Section agreed to.

Section 4 agreed to.

On section 5—Alternative exemptions from surtax.

Mr. GERSHAW: I would like to submit to the minister that in the explanation given of paragraph (c) of clause 5 there are enumerated the relatives for whom an exemption is allowed. I would point out that this is interpreted very strictly, held to blood relatives. There are men who probaly have under their own roofs people whom they are keeping and for whom they can get no allowance. Take the case of a man supporting his foster parents, his stepmother or stepfather. There seems to be an injustice in some cases such as these.

Mr. RHODES: That matter has been up in the house and discussed and considered many times. In an act of this kind, while it is true that if you do not widen the exemptions, you will do an injustice in an individual case, on the other hand, having regard to the necessity of protecting the revenue, the less opportunity one gives to the taxpayer to evade the tax by enlarging his exemption, the better. For my part I can see no good reason why we should go farther than we have gone at present.

Section agreed to.

On section 6—Expenses payable to controlling company abroad.

Mr. RALSTON: I want to ask a question on subsection (j). Section 6 as a whole, as I understand, provides that certain items enumerated there are not to be allowed as deductions from net income. Paragraph (j) refers to net losses sustained in the 1934 or any subsequent taxation period in the United Kingdom of Great Britain and Northern Ireland, et cetera. But I note that insurance companies other than life are exempt from that liability. Would the minister tell us why that exemption is made?

Mr. RHODES: The answer is that insurance companies doing a world wide business are subject to conditions which do not obtain in ordinary business, for example conflagration loss. That is the reason that this exemption appears.

Mr. RALSTON: In respect to clause (k) I spoke to one of the officers of the department; is there an amendment?

[Mr. Ralston.]

Mr. RHODES: Yes, I am quite prepared to move an amendment conforming to the suggestion made by my hon. friend, which amendment does not change the section as it was intended to be applied, but would make it clear beyond question that it bears that interpretation. I therefore move:

That paragraph (k) of section 6 of Bill 80 be amended by inserting after the word "issued" in the eleventh line, the words "or the income provisions thereof have been adopted" and by inserting after the word "corporation" in the eighteenth line of the said paragraph, the words "or its predecessor."

Amendment agreed to.

Section as amended agreed to.

Sections 7 and 8 agreed to.

On section 9—payments in respect of certain copyrights and copyrighted works.

Mr. RALSTON: Does the minister expect to get any increased revenue out of the change? I understand that under this section a uniform rate of five per cent is imposed instead of twelve and a half per cent which was contingent on returns being made.

Mr. RHODES: No, we do not expect any increase.

Mr. RALSTON: Or any decrease?

Mr. RHODES: No, I do not expect there will be any change.

Section agreed to.

On section 10—Proviso against evasion.

Mr. RALSTON: Will the minister consider my remarks in regard to the retroactive provisions of this act applicable to this section? I have not any particular company in mind, so I can speak very freely. What is being done here is to provide that dividends payable to a non-resident company shall be taxable if that company has been incorporated since April 1, 1933. What appears to have been done, as would appear from the note, is that Canadian companies have been paying dividends to parent companies outside. The practice has grown up of establishing parent companies outside in order that these dividends might be received by them free of tax. It was perfectly legal and proper; there was no statutory provision or legal objection to it. Then suddenly this bill comes in to say that if the company was incorporated since April 1, 1933, that remittance from the Canadian company to the parent company is to be taxable. It is simply the retroactive feature over again, which I submit is unfair in principle.

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Mr. RHODES: This section was designed purely for the purpose of preventing evasion, not for the purpose of imposing any injustice or any new taxation. It is to prevent the incorporation of a company in order to permit escape from taxes.

Mr. RALSTON: It is all right to prevent evasion from this time on, but this is what judicial decisions call avoidance, not evasion. It is perfectly proper to avoid taxation but not to evade it.

Section agreed to.

On section 11—Payments on income bonds or income debentures.

Mr. RALSTON: This is a section which goes along with subsection (k) of section 6. One of the provisions of section 6 was that interest on income bonds was not to be deducted as an expense of the company. The circumstances under which income bonds are usually issued, as the minister knows, are these; a bondholder has a bond bearing a fixed rate of interest. The company gets into difficulty, and he is approached and told: "If you do not give up your bond, forego your rights and take something less, the company is going into liquidation." The bondholder agrees to some scheme of reorganization under which instead of getting a fixed rate of interest he gets an income bond, the interest on which is payable only if earned. The bondholder gives up something, makes a contribution in order that a Canadian company may continue operations instead of going into bankruptcy. The minister has inserted in subsection (k) of section 6 a proviso that if income bonds are created under those conditions, under a reorganization in respect of which relief has been given to the debtor corporation, then the interest payable on that income bond is a proper deduction to be made by the company from its operating expenses. I submit that the same principle should apply to section 11, which as it is drawn provides that:

> ... any annual amount received in respect of an income bond or income debenture shall be deemed to be a dividend.

In other words the bondholder who had his right under his fixed interest bond was getting bond interest, not a dividend, but having agreed to take something else from the company he now finds it converted into a dividend, which makes it subject to a five per cent deduction under section 9B; so the bondholder is being penalized for having been accommodating and having given up his rights against the company and accepted something less. Therefore I want to ask the minister—I feel sure that he will agree in principle—if he will agree that a man who has consented to a reorganization under the circumstances stated in subsection (k), that is a forced reorganization brought about by financial difficulties, and who has agreed not to exact his pound of flesh, will be treated at least as generously as far as taxation is concerned as he would be if he had retained his rights under his fixed interest bond. That could be done if the minister would insert the proviso of subsection (k) as a proviso of section 11. Although the minister may agree to carry out the idea by way of administration, I think it would be better for certainty if the minister would insert the proviso of subsection (k) in section 11.

Mr. RHODES: I prefer not to make an amendment, because it would provide an exemption for all time for non-residents. But I will say that it is the intention that this section 11 shall be administered in precisely the same way as the preceding section 6, in a bona fide case such as has been instanced by my hon. friend.

Mr. RALSTON: That is the only kind for which it is asked.

Mr. RHODES: It is quite competent, and it has been quite competent, to deal with the matter by way of exemption by order in council. Having regard to the danger there would be in widening the provision I think perhaps that is the better method of dealing with it.

Mr. RALSTON: Then the minister would give that assurance, that the principle of subsection (k) will be applied by order in council?

Mr. RHODES: Certainly. The desire would be to see any bona fide cases, such as the one instanced by my hon. friend, fully protected.

Section agreed to.

On section 12—Exemption from 12½ per cent deduction.

Mr. RALSTON: Is that subsection (e) lettered correctly? If the minister will just check it up, I cannot find any subsection (e) in the act or the amendments.

Mr. RHODES: It is properly included here, because it has reference to an amendment made last year.

Section agreed to.

Section 13 agreed to.

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On section 14—Tax on gifts.

Mr. COOTE: With regard to subsection 8, paragraph (a), which reads:

... gifts or donations made by any individual the aggregate value of which in any year does not exceed four thousand dollars;

I should like to appeal to the minister to raise that exemption somewhat. It seems to me that gifts somewhat in excess of $4,000 really should be exempt. I have in mind the case of a man who feels that he would like to give the home in which he is living to his wife; I think in many cases there is ample justification for such an act. In many instances he would be compelled to pay a tax on a gift of that kind, because often the home would be valued at more than $4,000. It does seem to me that since the sum it is hoped to realize through the imposition of this tax has been set at $1,000,000 we might well have the tax start at a figure rather higher than $4,000. It may be that I am taking the wrong view, because I have not been informed as to the particulars of the gift tax in any other country where it has been imposed. I presume the minister has made some study of this matter as it works in other countries. Could he tell us whether, in any other country where the tax is in operation, the exemption stops at $4,000? My whole point is that the tax is imposed at too low a point, and that the exemption should be more than $4,000. I believe in many cases this might be regarded as something of a hardship.

Mr. RHODES: Mr. Chairman, we did make inquiry with respect to this tax, which is in operation in other countries. The nearest example is to be found in the United States. The object of the tax is obvious; it is to prevent an individual with an income which would bear a very heavy income tax from escaping that tax by handing over to certain relatives, perhaps to his immediate family, a physical volume of securities, for instance, which would have the effect of dividing his income among five or six persons. These, paying individual income tax, would come under a lower bracket, being in receipt of a smaller income, and in the aggregate the income tax payable by these individuals would be nothing like the income tax that would be paid by the man under the higher bracket. It was to prevent that sort of thing, without the state securing some compensation by way of revenue, that this gift tax was imposed. The figure originally mentioned in the resolution was $1,000. That was raised, because we did not want to include in the category of gifts which were intended to be taxed, for the reasons I have just indicated, certain bona fide gifts by individuals to members of their families by way of an annual income, for example. There were certain cases of that. Inasmuch as the individual who gives, we will say, an annuity of $4,000 to a member of his family has paid an income tax upon that, the exchequer is not cheated. Possibly $5,000 might be a fairer figure; that is the figure set in the United States. I should be quite content to have it raised to $5,000, but I doubt if we would be wise in increasing the exemption beyond that figure. In that regard I am entirely in the judgment of the committee.

Mr. COOTE: I was under the impression that the bill contained the figure of $1,000.

Mr. RHODES: The resolution did mention that amount, but we have made it $4,000 in the bill.

Mr. COOTE: So far as I am concerned I can see why gifts of this size should not be allowed every year, but the gifts I had in mind were those made once or twice in a man's lifetime. He may never have made any gift of the kind before that would assist him in any way by reducing his income tax. I do not want to labour the point, but it did seem to me that the exemption might very well be raised to the point mentioned by the minister, $5,000 or $6,000. However, I am willing to accept the minister's judgment if he thinks $4,000 is the proper amount.

Mr. RHODES: I think it is fair.

Mr. COOTE: In certain cases it is liable to be regarded as a hardship.

Section agreed to.

Sections 15 to 17 inclusive agreed to.

Title agreed to.

Bill reported, read the third time and passed.

BUSINESS OF THE HOUSE

Mr. MACKENZIE KING: Would my hon. friend indicate the order of business for tomorrow?

Mr. RHODES: First we will take up order No. 41, which is the resolution with regard to the Dominion Trade and Industry Commission. Then we will go on to resolution

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The Canadian Bank of Commerce Building
Toronto, 2.

June 7th
1935.

SPECIAL DELIVERY MAIL

The Right Honourable Arthur Meighen K.C., P.C.,
The Senate,
O T T A W A.

Dear Senator Meighen:

Re: Bill 80 - An Act to amend the Income War Tax Act.

Re: The King vs. Mexican Light & Power Company Limited.

You may remember that I spoke to you on Wednesday last in Ottawa about a case which I had that day argued in the Exchequer Court and in which the attention of the Court had been drawn to the fact that Bill 80 - an Act to amend the Income War Tax Act - First Reading May 31st, 1935,-contained retroactive provisions which would impose the tax in controversy in that proceeding regardless of the construction of the existing Income War Tax Act and would thus deprive the Defendant Company of the defence on which it has, on my advice, been resisting the claim in the pending litigation.

I now write you as suggested, but as the Bill has been introduced by the Minister of Finance, I have

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thought it only decent and courteous to write to him on the subject, as well as to you, and as I have outlined the circumstances in my letter to him, I am enclosing a copy of it for your information and consideration.

I trust that even if the Bill is not amended in the House of Commons so as to save rights involved in pending litigation, the Senate will maintain the financial integrity of the Dominion Parliament and not follow our Ontario Legislature into confiscatory legislation.

I have not, of course, set out the arguments in detail on the merits of the pending litigation.

I am quite confident of our success under the legislation presently in force, but of course, my clients must take the risk of liability if the Court should disagree with me. On the other hand, this would be the first case in my experience in Canada in which, after notice of pending litigation, Parliament has deliberately passed retroactive legislation depriving litigants therein of their rights.

Yours very truly,

Enc.
GO/M.

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CABLE ADDRESS: BLAKES, TORONTO.

The Canadian Bank of Commerce Building
Toronto, 2.

Copy.

June 7th
1935.

SPECIAL DELIVERY MAIL.

The Honourable E. N. Rhodes,
Minister of Finance,
O T T A W A.

Dear Mr. Rhodes:

re: Bill 80 - An Act to amend the Income War Tax Act.

re: The King vs. Mexican Light & Power Company Limited.

The above mentioned Information was filed in the Exchequer Court of Canada on the 15th February, 1935, and was tried in the Exchequer Court of Canada on the 5th instant, and is now standing for judgment.

The Defendant Company made an issue of 6% Cumulative Income Debenture Stock of an authorized amount of $11,850,757.74. This debenture stock was issued in exchange for certain bonds of Mexico Tramways Company, an allied company, and interest at the rate of 3% per annum became payable as of the 1st January, 1935, upon surrender of the Mexico Tramway Company bonds and the issue of the debenture stock.

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The stock is registered in part in London, England, and in part in Toronto.

The interest payable to the debenture stockholders on the London register is payable only in sterling, but the Crown claims that inasmuch as the authorized issue of debenture stock is in dollars, the provisions of the debenture stock certificates and the Trust Deed are in such terms that it should be regarded as payable in Canadian dollars, and therefore subject to the 5% non-resident tax under Section 9/B of the Income War Tax Act.

I have advised the Mexican Light & Power Company Limited that the interest in question is not payable in Canadian dollars and is not subject to the 5% non-resident tax, and in order to test the question, the Company deducted from the interest paid a sufficient amount to protect itself and disputed its liability.

I do not trouble you further with the merits of the controversy, but on the argument in the Exchequer Court, the Court was referred to Bill 80 which has been introduced at this session, and which, if passed in the form in which it was read a first time, would probably deprive

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the Defendant Company of what, in my opinion, is a valid defence.

Bill 80, Section 11, provides that:

> "for the purposes of this Act any annual amount received in respect of an income bond or income debenture shall be deemed to be a dividend."

Section 6 adds certain sub-sections to Section 6 of the Income War Tax Act which defines deductions from income which are not allowed, and one of these proposed to be added by Bill 80 is sub-clause (k) - "Distribution of earnings by any corporation to holders of its income bonds or income debentures."

Section 16 of Bill 80 provides that amongst other sections, Section 11 of Bill 80 shall be applicable to income of the 1934 taxation period.

Under Section 9/B of the present Income War Tax Act, the 5% non-resident tax is payable in respect of dividends received from Canadian debtors irrespective of the currency in which the payment is made, whereas it is imposed in respect of interest received from Canadian debtors only if payable solely in Canadian funds (See Section 9/B, sub-section 2, clauses (a) and (b)).

You will see from this that if the Bill is passed in its present terms, interest in respect of income debenture stock is put in the same category as dividends, and

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the non-resident tax will be payable no matter in what currency the payment is made, and by Section 16, this provision is made retroactive, so as to include the 1934 period as well as subsequent periods.

I have no doubt you have considered the very strong objections to retroactive legislation of all kinds, but I am aware that notwithstanding such objections, many provisions of the Income War Tax Act have been made retroactive. I do not believe, however, that Parliament has ever gone so far as to legislate retroactively so as to affect matters in pending litigation. In many cases, where the legislation might affect pending litigation, it has been customary to except pending litigation from its operation, and any other course seems so clearly indefensible that I feel strongly that it is only necessary to draw the matter to your attention to have the Act so amended.

I have recently been in England, and the very strong feeling aroused there against Canadian investments by reason of the recent actions of the Ontario Provincial Legislature, and the proposals of the Mayor of Vancouver, were such that I was not at all surprised to hear the announcement by the Prime Minister of the inability to float a Canadian

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issue in London at the present time on satisfactory terms.

I think it would be unfortunate if further point were given to this agitation by enacting retroactive legislation imposing a tax on the debenture stockholders of the above named Company which they have been advised is being contested, and which they have also been advised, is not exigible under existing legislation, and this, notwithstanding that the question is now standing for judgment before the Exchequer Court. It would be tantamount to announcing to a substantial number of English debenture stockholders that they have no protection from the Canadian Exchequer Court in case they are advised and believe that the Crown is attempting to collect a tax for which they are not liable.

I have great confidence that even if you decide to proceed with the retroactive features of the Bill so in other respects you will at least save rights involved in pending litigation.

I am not sure at what stage the Bill is in the House of Commons, and as I see by the Press that efforts are being made to shorten the session, I am taking the liberty of sending a copy of this letter to the Right Honourable Arthur Meighen, the Leader of the Senate, asking

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for consideration of my request in the Senate if the Bill should be passed in its present form in the House of Commons.

Yours very truly,

GO/M. "Glyn Osler"

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125116

347 Bay St. Toronto,
June 10, 1935.

Dear Mr. Osler:

Your letter of 7th has been forwarded to me here. I leave for Ottawa tonight.

The Bill in question comes up for second reading on Tuesday and will get to Committee perhaps Wednesday or Thursday.

I am a little perplexed as to just how this matter should be handled. If exception is made for cases pending in litigation, would not the ultimate result be that those who had objected and gone to Court would escape while those who had not so gone to Court would pay in respect of assessment for the very same year. All this is incident to the retroactive feature of the Bill.

To put my perplexity another way, I am not clear as to how the retroactive feature can be preserved and pending cases in litigation saved. Of course, it is clear that something might be inserted affecting costs.

Please write me your ideas on these points if possible so that I will get your letter Wednesday morning.

Yours very truly,

Mr. Glyn Osler, K. C.,
Blake, Lash, Anglin & Cassels,
25 King St.West,
Toronto, Ont.

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The Canadian Bank of Commerce Building
Toronto, 2.

June 11th
1935.

27

The Right Honourable Arthur Meighen K.C.,P.C.,
The Senate,
O T T A W A.

Dear Senator Meighen:

re: Bill 80 - An Act to amend the Income War Tax Act.

re: The King vs. Mexican Light & Power Company Limited.

Thank you for your letter of the 10th instant.

The objection you mention, that is, that if exception is made for cases pending in litigation the ultimate result may be that those who had objected and gone to court would escape, while those who had not done so would pay in respect of the assessment for the very same year, illustrates, I think, one of the disadvantages and sound objections to retroactive legislation of this character, but I think myself that it is not a sufficient answer to the point that where rights and obligations are the subject of judicial consideration, they should not be destroyed or by legislation. For instance, if the judge of the Exchequer Court should deliver judgment before the Bill is finally

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enacted, I take it that would give the successful litigant his rights even though others who had not been so diligent might, in the result, be treated differently, and I am quite sure that the English debenture stockholders, whose rights are being litigated, would not be less exasperated if they should be deprived of these rights by retroactive legislation merely because others who had not been similarly diligent might not get the benefit of the litigation.

I trust you will agree with me both as to the substantial justice of the case, and also as to the policy having regard to the effect on credit.

At the very worst, I take it that the taxpayer should be protected not only in respect of costs as between solicitor and client, but also from the penalties, because in the pending litigation, the Crown claims substantial penalties for non-payment.

Yours very truly,

GO/M

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RIGHT HONOURABLE ARTHUR MEIGHEN K.C.,P.C.,
THE SENATE,
O T T A W A.

RE BILL EIGHTY - KING VERSUS MEXICAN LIGHT.STOP. SUPPLEMENTING MY LETTER YESTERDAY STRONGEST POINT DID NOT OCCUR TO ME UNTIL LAST NIGHT. STOP. IN CASE OF INTEREST PAYABLE IN STERLING ON STERLING ISSUES WHERE QUESTION RAISED BY CROWN IN OUR CASE DID NOT ARISE RETROACTIVE EFFECT BILL EIGHTY WOULD INVOLVE CANADIAN COMPANIES WHO HAVE ALREADY PAID STERLING INTEREST ON INCOME BONDS IN LIABILITY FOR FAILURE TO WITHHOLD TAX AT SOURCE THOUGH TAX ADMITTEDLY NOT EXIGIBLE WHEN INTEREST PAID. STOP. THIS SHOWS CLEARLY THAT RETROACTIVE PROVISION WILL INVOLVE MANY SERIOUS DIFFICULTIES AND INJUSTICES. STOP. REPLY FROM DEPUTY MINISTER FINANCE RECEIVED TODAY SUGGESTS SUBCLAUSE K SECTION SIX MEETS OUR OBJECTION BUT THIS NOT SO BECAUSE IT DOES NOT QUALIFY SECTION ELEVEN WHICH UNDER SECTION SIXTEEN IS MADE RETROACTIVE.

GLYN OSLER.

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125120

The Canadian Bank of Commerce Building
Toronto 2.

June 12th, 1935.

The Right Honourable Arthur Meighen, K.C., P.C.,
The Senate,
Ottawa, Canada.

Dear Sir:

Re Bill 80 - An Act to Amend the
Income War Tax Act
The King v. Mexican Light & Power

My partner, Mr. Glyn Osler, has had to leave town this afternoon and has asked me to write to you in connection with the telegram which he dispatched to you today.

While in the telegram he did not refer to the proceedings in the House of Commons when the Income Tax Bill was in Committee, he wanted me to let you know that he had seen Hansard on the subject and especially the exchange between Messrs. Rhodes and Ralston, as set out on page 3603 of Hansard.

Even with such an arrangement Mr. Osler is not satisfied, as he feels that the Department would only act in a case where they felt that the tax was not properly exigible, whereas in our case they are claiming that the tax is exigible and would probably, therefore, not be

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June 12th, 1935.

125121

The Right Honourable Arthur Meighen, K.C.,P.C.,

willing to pass an Order-in-Council as suggested by Mr. Rhodes.

Mr. Osler wished me to say that probably you had already appreciated this situation, but he thought it desirable to bring it specifically to your attention.

Faithfully yours,

S.G. Cowell

SGC/GF.

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The Canadian Bank of Commerce Building
Toronto, 2.

June 12th
1935.

The Right Honourable Arthur Meighen K.C., P.C.,
The Senate,
O T T A W A.

Dear Senator Meighen:

re: Bill 80 - An Act to amend the Income War Tax Act.

re: The King vs. Mexican Light & Power.

I was very much pressed yesterday when writing you and it did not occur to me until last night that if the legislation were made retroactive companies paying income bond interest in sterling in cases where none of the points which arose in our case exist would be liable for failure to deduct the tax if the new legislation were made retroactive, even though they had already paid it over and had no means of recourse against the bondholders.

This is only one other illustration of the difficulties and embarrassments resulting from retroactive legislation of this character, and it also illustrates the fact that it is impossible to make it operate uniformly on all taxpayers, and therefore, there should be no objection

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to saving the rights of a taxpayer who has been sufficiently diligent to take his case to Court.

Yours very truly,

GO/M.

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125124

Ottawa,
June 12, 1935.

27

Dear Mr. Osler:

re: Bill 80 - An Act to amend the Income War Tax Act.

re: The King vs. Mexican Light & Power

I received your letter of 12th, also previous letters, and after very considerable discussion at the Banking and Commerce Committee yesterday an amendment was added to the Bill exempting from being affected by the Bill cases in litigation at the time of the Royal Assent to the measure.

Would you kindly advise your Mr. Crowell accordingly. I received a letter from him also this morning.

Yours very truly,

Arthur Meighen.

Mr. Glyn Osler, K.C.,
Blake, Las, Anglin & Cassels,
25 King St. West,
Toronto 2, Ont.

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RT HON ARTHUR MEIGHEN

SENATE OTTAWA ONT.

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JOHN A COOPER.

1150A

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125126

OTTAWA,
June 13,
1 9 3 5.

W.C. Clarke, Esq.,
Deputy Minister,
Department of Finance,
O t t a w a, Ont.

Dear Mr. Clarke,-

As per our conversation of this date, I am enclosing herewith a copy of the wire sent to the Right Honourable Mr. Meighen. Will you kindly look into the matter further, as suggested by yourself, and let us have your opinion on Mr. Cooper's claim.

Please direct your reply to Senator Meighen and if you will return it by messenger, it will be greatly appreciated.

Yours sincerely,

FBB

Enclosure

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 197)

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DEPARTMENT OF FINANCE
CANADA

OFFICE OF THE
DEPUTY MINISTER

125127

Ottawa, June 13, 1935.

Dear Senator Meighen,

Referring to wire from John A. Cooper, a copy of which has been sent to me by Senator Black, I remember the conference to which he refers and have checked my recollection with that of Fraser Elliott, Commissioner of Income Tax. According to the best recollection of both of us, we believe that Mr. Cooper is reading into any statement made by Mr. Rhodes at that time very much more meaning than he intended to convey. It is not the practice of Mr. Rhodes to make any formal commitment to a delegation making representations to him. Even if he made a statement which Mr. Cooper interpreted in the sense he outlines in his wire, Mr. Cooper could not expect such statement to be permanently binding. I think it fair to say that the Minister has reconsidered the whole matter this spring and decided to recommend to Parliament the changed procedure provided for in section 9 of Bill 80. It will be noted that the section involves a reduction in tax from 12½ to 5 per cent. I think the Minister would desire the section to stand as it reads at present.

Yours very truly,

W. Clark

Rt. Hon. Arthur Meighen,
The Senate,
O T T A W A.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 197)

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125128

Ottawa,
June 13, 1925.

My dear Colonel Cooper:

I received your telegram. It arrived after the Senate Committee had coppleted its review of Bill "A". However, after the Senate Committee's report was adopted I deferred the debate on the Third Reading until Tuesday next in order that consideration could be given to your request.

The Deputy Minister of Finance, however, advises me that more meaning than the Minister of Finance intended has been given to the words he uttered on the occasion of the conference you refer to. Mr. Clark says the Minister made no commitment that could have been justifiably accepted as final. He told me also that very careful and thorough consideration had been given to the subject since, and called attention specially to the fact that a reduction of tax from 12½% to 5% had been made.

If you desire to make any further representation, please have it in my hands here by Tuesday morning.

Yours very truly.

Col. John A. Cooper,
Metropolitan Bldg.,
Toronto, Ont.

MEIGHEN PAPERS, Series 5 (M.G. 26, I, Volume 197)

PUBLIC ARCHIVES
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Motion Picture Distributors and Exhibitors of Canada

125129

Executive Offices, Metropolitan Building
Toronto, Canada

June 14th, 1935.

Rt. Hon. Arthur Meighen,
The Senate,
OTTAWA.

My dear Meighen,

I appreciate very much your letter of June 13th and the consideration which you have extended to the Motion Picture Industry and others interested in "copyrights". I am in touch with several people who are interested and it may be that further representations will be made to you.

So far as I am concerned I must accept Mr. Clark's word as to what the Minister said. In fact I agree that the arrangement was only verbal and that the Minister had a perfect right to change his verdict at his pleasure. If the Minister has changed his mind then there is nothing more to be said so far as he is concerned.

If you do not hear from me further by Tuesday morning will you please consider that any objections we had to Bill 80 are withdrawn for the present.

Yours sincerely,

JAC/JK

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R. E. ANGLIN A. R. GRAYDON J. T. GOW E. C. SNELGROVE
R. S. F. BARR B. B. OSLER J. G. CASSELS T. MACKIE

125130
CABLE ADDRESS: BLAKES, TORONTO.

The Canadian Bank of Commerce Building
Toronto, 2.

June 14th
1935.

27

The Right Honourable Arthur Meighen K.C.,P.C.,
The Senate,
O T T A W A.

Dear Sir:

Re: Bill 80 - An Act to amend the Income War Tax Act.

Re: The King vs. Mexican Light & Power.

In the absence of our Mr. Glyn Osler in New York we acknowledge with thanks your letter to him of the 13th instant, which we will bring to his attention on his return tomorrow morning.

In the meantime, as requested by you, we have communicated the contents thereof to our Mr. Crowell.

Yours truly,

Blake Lash Anglin & Cassels

SJM.

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R. B. F. BARR B. B. OSLER J. G. CASSELS T. MACKIE

CABLE ADDRESS: BLAKES, TORONTO.
125131
The Canadian Bank of Commerce Building
Toronto 2.

June 15th
1935.

27

The Right Honourable Arthur Meighen, K.C., P.C.,
The Senate,
O T T A W A.

Dear Senator Meighen:

re: Bill 80 - An Act to amend
the Income War Tax Act.
re: The King vs. Mexican Light & Power.

I am very much obliged for your letter of the 13th instant which I have found on my return to the office.

If I may say so, I think that apart from the interest of our clients in this matter, the Senate has done a good service to the country in avoiding another occasion for criticising its credit.

Yours very truly,

GO/M.

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CLASS OF SERVICE	SYMBOL
Full-Rate Message	
Day Letter	D L
Night Message	N M
Night Letter	N L

If none of these three symbols appears after the check (number of words) this is a full-rate message. Otherwise its character is indicated by the symbol appearing after the check.

L 25132

FORM 6122

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RT HON ARTHUR MEIGHEN

SENATE OTTAWA ONT

WOULD LIKE MAKE CERTAIN THAT NEW TAX NOT RETROACTIVE REGARDS

JOHN A COOPER

1047A

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CANADA

125133

27

OTTAWA, 18 June, 1935.

Dear Sir,

re Bill 80, to amend Income War Tax Act.

The Right Honourable Mr. Meighen has asked me to acknowledge feceipt of your telegram to today, and to say that clause 9 of the above Bill is not retroactive. It comes into force only on Assent to the Bill.

Yours faithfully,

A.H.Hinds
Private Secretary.

Colonel John A.Cooper,
Metropolitan Building,
Toronto, Ontario.

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Tax - Income 125134

MEREDITH, HOLDEN, HEWARD & HOLDEN

BARRISTERS AND SOLICITORS

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C.T. BALLANTYNE — W.C.J. MEREDITH
F.T. COLLINS — A.D.P. HEENEY
D.R. McMASTER — A.M. MINNION
G.R.W. OWEN

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PLACE D'ARMES POSTAL
STATION BOX 1990

215 ST. JAMES STREET WEST

MONTREAL

30"-13"

PERSONAL

4th May 1939.

The Rt. Hon. Arthur Meighen,
The Senate,
OTTAWA, Ontario.

Dear Mr. Meighen,

I am enclosing a copy of a letter and of a memorandum which I am to-day sending to the Minister of Finance. I am doubtful of the value of this submission, but the situation is so serious as regards investment trusts that I felt that I should not overlook any course of action which appeared to be available.

I am,

Yours faithfully,

C.T. Ballantyne

Enc's

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125135

MEREDITH, HOLDEN, HEWARD & HOLDEN

COPY

4th May 1939.

The Honourable C. A. Dunning,
Minister of Finance,
OTTAWA, Ontario.

Sir,

We have been requested by one of our clients to make certain representations as to the incidence of taxation under the Income War Tax Act in relation to incorporated investment trusts.

We have, therefore, prepared and enclose herewith a memorandum of the facts and of the representations which we have been instructed to place before you in general terms.

If there is any information in connection with this matter which you desire us to obtain we will be glad to do so. We should be glad to know in due course of the decision to be made in this regard.

We have the honour to be,

Sir,

Yours very truly,

Enc. (Sgd) MEREDITH HOLDEN HEWARD & HOLDEN.

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Memorandum accompanying letter of Meredith, Holden, Heward & Holden dated the 4th May, 1939 addressed to the Honourable the Minister of Finance

Present income tax situation

(a) Canadian incorporated investment companies are now paying corporate income tax upon the taxable portion of the revenue received by them. All expenses of administration are charged to the taxable portion of the income only.

(b) Paragraph 6 of the resolution contained in the Budget regarding amendments to the Income War Tax Act reads as follows:-

> "The general overhead expenses of companies shall be rateably apportioned between the taxable and the non-taxable income of such companies".

The effect of this amendment, when made, upon Canadian investment companies which receive a fairly large proportion of non-taxable income will be an increase in income tax payable by them equal to 15% of that portion of their expenses required to be apportioned against non-taxable income, which in effect makes taxable a portion of such companies' income hitherto regarded as non-taxable.

Investment companies and the effect of such taxation

A public investment company receives moneys from investors for which it issues to investors its own securities. The funds so obtained are invested and reinvested in securities of other companies and governments. The net income received by the investment company when paid to the holders of its securities is taxable income in the hands of its security holders.

Public investment companies constitute simply a medium through which relatively large numbers of investors, and particularly the small investor, may obtain diversification of investment under supervision. As compared to investment

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BELFAST BOARD 125137

directly by an individual who has the means to create a personal holding company, and investment through unincorporated associations, the effect of the present income tax situation is to impose upon a shareholder participating in an investment fund, through the medium of an incorporated company, an additional tax. This places a penalty upon the small investor who because of inexperience and because of limitation of investment funds seeks to obtain through incorporated management investment companies the security of diversification and experienced supervision. It is submitted that such additional taxation is inequitable and represents, to the extent to which that income in the hands of the investment company is taxed, triple taxation of the profits originally earned and taxed in the hands of the earning company and in the hands of the recipient.

Because of the diversification of investment and of the experienced supervision afforded certain Canadian incorporated investment companies have unquestionably succeeded in attracting to Canada investment by foreign investors, a large part of which would probably not have come to Canada had this type of investment "medium" not been available. To the extent that foreign funds have been attracted in this manner the Government through the 5% tax upon interest and dividends payable to non-residents is obtaining tax revenues that it otherwise would not receive. To the extent that income taxes are payable by the investment companies their attraction as an investment "medium" is reduced. As larger income taxes become payable it will be increasingly difficult to attract foreign capital, and may result in withdrawals of some foreign capital or investment with consequent reduction in Government revenue.

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Precedents

The principle of avoiding triple taxation upon profits passing through the medium of companies whose true function is to provide diversified investment for large numbers of relatively small investors is recognized under the existing United States income tax laws which exempt from taxation "mutual type investment companies" whose practice it is to distribute to their security holders substantially all net income in the form of taxable dividends.

This principle is also reflected under the Quebec Corporation Tax Act which, in the cases of companies whose sole business consists of holding the securities of other incorporated companies and governments, authorizes by order-in-council a reduction in the rate of tax on profits from 2½% to 1/20 of 1%, and also a substantial reduction in the capital tax of such companies.

Submissions

It is therefore respectfully requested that in the case of public incorporated companies whose function is that of providing diversified investment, and which distribute to security holders in the form of taxable dividends or interest substantially all of their net income, consideration be given to adding a new section to the Income War Tax Act relieving such companies from income tax liability upon their income. The following is suggested as a section to be inserted in the Act, which is designed to limit its application to the type of company above mentioned:-

"Section

1. Any investment company not otherwise covered under this Act shall not be subject to tax upon its income or profits, if

(a) It was organized as a public company for the purpose of providing diversified investment and substantially all of its business consists of holding, investing or

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reinvesting in stocks or other securities; and

(b) At least 50% of its investments consist of income producing securities; and

(c) An amount not less than 90% of its net income from investments (all dividends and interest and other like income) is distributed to its shareholders as taxable dividends or interest not later than two months after the close of each taxable year.

2. Limitations: Despite the provisions of paragraph (1) of this section the income of an investment company shall not be exempted from tax by this section, if, at any time during the taxable year -

(a) More than 10% of the total net assets of the company, on the basis of investments valued at market was invested in the securities of any one issuer, obligations of the Dominion of Canada and the United States Governments excepted; or

(b) It owned more than 10% of the outstanding stock or other securities, or both, of any one corporation."

In the event it is for any reason impossible at this time to consider adding a new section to the Act as above, it is respectfully requested that serious consideration be given at this time to limiting the application of the amendment to the Act provided in paragraph 6. of the present Budget resolution by exempting investment companies from its provision. A suggested draft for this purpose follows:

.....This section shall not apply to public investment companies not otherwise covered in this Act whose sole business consists of holding, investing or reinvesting in diversified securities and whose policy it is to distribute to its security holders in the form of taxable dividends or interest substantially all of its net income from investments."

While the amount of taxes received by the Government from such companies either on the present basis or on the basis proposed by the new Budget resolution may be comparatively small, it is of course a matter of vital interest to the security holders of such companies, to the companies themselves and to the policy of encouraging investment in Canada.

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Ont - Income

125140

320 Bay Street, Toronto,
April 5, 1941.

Ottawa

Mr. A. H. G. Proctor,
3 Beaumont Road,
Toronto, Ont.

My dear Proctor:

I have yours of 2nd. For the life of me I cannot see why the allowance should not be made in the instances you mention, in respect of the responsibilities of foster parents. Of course, one should hear both sides, and I have had experience enough to know that these things are not easy to decide because of difficulties which, over so wide a range as Canada, are bound to occur. I hope to be able to take the first opportunity of bringing up the subject and seeing what, if anything, can be said against the argument you advance; and unless I hear a good case, I will press strongly for what you want.

Yours very truly,

AM/E.

Arthur Meighen.

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125141

A. H. C. PROCTOR
3 BEAUMONT ROAD
TORONTO, ONT.

April 2nd, 1941.

Rt. Hon. Arthur Meighan,
The Senate,
Ottawa,
Ontario

Dear Sir:

Ever since the inception of the University of Toronto Women's War Service Committee I have been associated with Dr. George H. Duff, Vice-Chairman Committee for British Overseas Children.

Dr. Duff and myself have been endeavoring to have the matter of the foster parents of these children receive some consideration from the Federal Government in regard to income tax exemption.

I regret to say that so far we have had no success. I have two fine English boys at my home, and I have no regrets to express in any way for having taken these boys for the duration of the war, but I do think we should be given some consideration in regard to tax exemption.

As you are aware, some thousands of British children came to this country in the spring and summer of 1940 and were taken into the homes of Canadian citizens. Many of these children came to the homes of friends or relatives by purely private arrangement. As many were arranged for by various organizations in this country and passed into the homes of perfect strangers where, nevertheless, they are supported entirely at the expense of their foster parents. Others again came out under the joint scheme of the Governments of the United Kingdom and of Canada. It is my understanding that the Federal Government is prepared to grant income tax exemption to the foster parents of children in the last-mentioned category only.

This seems to me unjust and discriminatory. If the foster-parent is supporting the child as if it were his own, what distinction based on public interest can be drawn between one child and another so supported or one foster parent and another so supporting?

Again, if a donor subscribes funds to a properly authorized agency carrying on a philanthropic form of public service, he is very properly allowed a deduction on account of his donation. But if instead of donating funds he accepts an equal financial burden in the support of a child or children and adds to this the onerous personal responsibilities of foster parenthood, his claim to consideration is rejected. This seems to me to put an unwarranted penalty upon the higher of the two forms of public service.

I am writing to urge this matter upon your attention in the hope and indeed the expectation, that some step will be taken for the relief of this anomalous situation by the House. It is my understanding that a substantial number of Members agree that allowance for foster parents should be made. I feel sure that we can count you amongst this number and earnestly bespeak your active influence in augmenting the present support for such a step.

Yours sincerely,

A. H. C. Proctor

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125142

Texas Canadian Oil Corp., Ltd.

P. O. BOX 336 PHONE 7104

Arp, Texas

January 18,1935.

General A.D. McRae,
1489 McRae Avenue,
Vancouver, B.C.
Canada.

Dear General McRae:

Your letter of January 11th and your telegram of the 14th were duly received and was very pleased to hear from you, I had in mind wiring you to come down this way on your way east but on hearing from you that you were accompaning your family to Montreal, I decided it would be inconvenient to visit Texas at this time.

Our 22nd well (We are not counting the Valentine as it takes the place of No. 14 sold.) came into production on Wednesday, this is the Pinkston B. No. 3, without doubt it is one of the nicest wells I have ever seen come into production, has plenty of gas pressure and should be a money maker for the next twenty years. We have skidded the steel derick to the No. 4 location on the same lease and McCuthin is spudding in there tonight. We have skidded the wood derrick from the No. 2 Irion to our new location , the No.3 Irion and we have over one thousand feet of hole this afternoon. These two wells will be finished and on production by the end of this month and will make a total of 25 wells. Our fiscal year does not end until the 31st of April and I expect to be well in the clear with 30 wells by that time. Solsbury has obtained one permit and the other permit is now before the Railroad Commission, while these negotations have been going on for those permits I have been making a close check on various and sundry prospective deals and I can find nothing that looks any more attractive, however there is just the fear that the west side may not have a sufficiently long life to justify the expenditures. I will soon have to decide on this matter, the contract can be voided by my lawyer and myself objecting to title, this can be done with any Texas properties or most any of them.

I have a letter from our mutual friend Geo.L. Noble Jr., sometime ago I took a bet for the Company of $300.00 for a 1/6 interest in 2000 acres, it would appear from this letter that he has a chance to make us some money. I was in Houston yesterday in conversation with Mr. Noble, he says that the deal is going through. Mr. Moran president of the Continental Oil Company is now in Houston, it is quitely rumored the Continental and the Texas are about to form a merger and in the event of this happening it would help to put this deal of ours through, however Mr. Noble says that the sale is practically assured.

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125143

Texas Canadian Oil Corp., Ltd.

P. O. BOX 336 PHONE 7104

Arp, Texas

General A.D. McRae,

I have made very little progress with our 6500 acre wild cat block in Angelina County. The major companies have not been giving much support to new drilling, however I got some very good promises and I feel sure that as soon as program of 30 wells are completed here that we can make successful attempt to prove this acreage with no cost to us, we could sell 4000 acres of this block and have plenty left. Our contract does not call for drilling here before the 1st of March and a possibility of further extension if necessary. With regard to this contract there is no financial obligations except that we forfeit this big block if drilling operations is not started on time. The geology on this acreage is very good, as a matter of fact the first oil ever discovered in the state of Texas was found in Angelina County and I feel sure there is a good size pool either somewhere under this acreage or close to it.

I am writing our Toronto office to arrange a meeting for either the 4th or 8th of February , I prefer the later date as it would give us plenty time to discuss every angle of the situation here, as advised before we are to a great disadvantage in not having our full office records here. There seems to be no change in the price of oil and as everything is usual in the field, no hot oil has been run nor has any of the little refineries been able to start up since the recent Court Decision.

With kind regards , hoping to see you in Toronto shortly, I am.

Yours truly,

TEXAS-CANADIAN OIL CORPORATION LTD.

By P.D. Bowlen

P.D. Bowlen, ~~President~~.

PDB/p

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125144

(COPY)

George Ll Noble, Jr.
805 Petroleum Bldg.,
Houston, Texas.

January 15,1935.

Mr. P.D. Bowlen,
Box 336,
Arp, Texas.

Dear Mr. Bowlen:

The Continental Oil Company have been shooting our Dickinson acreage for seventeen days. I think they finished yesterday and I was told by their office here that I would probably hear from them within the next three dr four days. If we made the deal contemplated on that acreage my share of the profits will figure somewhere around $32,000.00 of which you would get one-half.

In regard to the wild cat acreage in Southwest Texas; We have several big owners who so far have refused to come into the block and we are trading with them now, but as yet have reached no conclusion.

Have another block in view and will know within ten days whether enough acreage can be sold off to cover the cost of the well, and if so, I will wire you immediately.

Please send me your Toronto address, so that in case you are not XXX in Texas I can get hold of you in Canada.

The Continental deal may be closed this week.

With best regards,

Yours very truly,

Geo.L. Noble Jr.
Signed.

gln/h

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125145

Texas Canadian Oil Corp., Ltd.

P. O. BOX 336 PHONE 7104

Arp, Texas

February 1,1935.

OIL RUN STATEMENT FOR MONTH OF JANUARY 1935.

LEASE	WELLS NO.	NET RUNS	P.L. & PRODUCN.TAX	NET	OUR INTEREST	OUR EARNINGS
Camp	3	2,233.15	47.93	2,185.22	19/32	1,297.47
S.S. Cook	5	4,935.46	105.93	4,829.53	21/32	3,169.38
Cox	3	1,964.36	41.66	1,922.70	21/32	1,261.77
Hilburn	1	927.14	19.90	907.24	539/960	509.37
Irion	3	1,324.77	28.43	1,296.34	21/32	850.72
Jackson	1	689.28	14.80	674.48	49/64	516.40
Leverett	1	800.36	17.18	783.18	49/64	599.63
Martin	2	1,936.53	41.57	1,894.96	7/8	1,658.09
Watson	1	972.17	20.87	951.30	51/128	379.00
Total	20	15,783.22	338.27	15,444.95	.66311	10,241.83
Lone Pine Oil Co. Operator:						
Wilson No.4	1	837.72	17.98	819.74	10/24	341.56
Pinkston B	2	1,247.21	26.78	1,220.43	.328125	400.45
Total	3	2,084.93	44.76	2,040.17	.384	742.01
GRAND TOTAL	23	17,868.15	383.03	17,485.12	.6282	10,983.84

Note:

The wells operated by Lone Pine Oil Company; we only have gross barrels, therefore the allowance for B.S. & W. and Temperature corrections was estimated at 2 % , which is too high. The third well on the Irion Lease (Well No. 3) operated only three days, completed January 29,1935.

TEXAS-CANADIAN OIL CORPORATION LTD.

By P.D. Bowlen

P.D. Bowlen, President.

PDB/p

Net pay $9000 x 12. $108000 = 13½% on par
or 22½% on 60¢ par shares

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CANADA

125146

Texas Canadian Oil Corp., Ltd.

P. O. BOX 336 PHONE 7104

Arp, Texas

FORECAST OF OIL DELIVERIES
MONTH OF FEBRUARY 1935.

LEASE	NO. WELLS ON LEASE	PREVIOUSLY TENDERED	BELOW CONNECTIONS	NET CARRY OVER	FEBRUARY ALLOWABLE	TOTAL BARRELS
Camp	3	87.52	125.04	(37.52)	1,680.00	1,642.48
Cook	5	73.24	95.74	(22.50)	4,324.32	4,301.82
Cox	3	138.29	125.04	13.25	1,890.00	1,903.25
Hilburn	1	86.69	127.82	(41.13)	846.72	805.59
Irion	3	111.80	125.32	(13.52)	1,704.08	1,690.56
Jackson	1	90.73	60.27	30.46	569.52	599.98
Leverett	1	57.52	59.77	(2.25)	665.28	663.03
Martin	2	176.59	125.04	51.55	1,229.76	1,281.31
Watson	1	249.46	257.33	(7.87)	761.04	753.17
Total	20	1,071.84	1,101.37	(29.53)	15,670.72	15,641.19
Lone Pine Oil Co. Operator:						
Wilson 4	1	139.63	None	139.63	866.88	1,006.51
Pinkston B	3	57.85	None	57.85	2,268.00	2,325.85
Total	4	197.48		197.48	3,134.88	3,332.36
GRAND TOTAL	24	1,269.32	1,101.37	167.95	16,805.60	16,973.55

Stock in Tanks Feb 1,1935	$ 1,269.32	
Less below connections	1,101.37	
Net barrels on hand	167.95	
Tender forecast for February	16,805.60	
Total	16,973.55	
Carrier:		
Atlas Pipeline Co. Inc.		$ 2,290.54
Magnolia Pipe Line Co.		5,104.49
Sun Oil Company		3,332.36
Texas Pipe Line Company		1,281.31
Toronto Pipe Line Company		4,964.85
	16,973.55	16,973.55

TEXAS-CANADIAN OIL CO RPN LTD.

BY P.D. Bowlen

P.D. BOWLEN, PRESIDENT.

PDB/p

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Texas Canadian Oil Corp., Ltd.

P. O. BOX 336 PHONE 7104

Arp, Texas

TEND ER FORECAST FOR MONTH OF FEBRUARY 1935.

LEASE	WELLS	HOURLY POTENTIAL	3.60 Per. Hr. FEBRUARY ALLOWABLE	FEBRUARY ALLOWABLE
Camp	# 1	490.00	20.00	560.00
"	# 2	490.00	20.00	560.00
"	# 3	480.00	20.00	560.00
Total	3	1,460.00	60.00	1,680.00
S.S. Cook	# 1	860.00	30.96	866.88
"	# 2	865.00	31.14	871.92
"	# 3	865.00	31.14	871.92
"	# 4	875.00	31.50	882.00
"	# 5	825.00	29.70	831.60
Total	5	4,290.00	154.44	4,324.32
Cox	# 1	635.00	22.86	640.08
"	# 2	595.00	21.42	599.76
"	# 3	645.00	23.22	650.16
Total	3	1,875.00	67.50	1,890.00
Hilburn	# 1	840.00	30.24	846.72
Irion	# 1	540.00	20.00	560.00
"	# 2	565.00	20.34	569.52
"	# 3	570.00	20.52	574.56
Total	3	1,675.00	60.86	1,704.08
Jackson	# 1	565.00	20.34	569.52
Leverett	# 1	660.00	23.76	665.28
Martin	# 1	610.00	21.96	614.88
"	# 2	610.00	21.96	614.88
Total	2	1,220.00	43.92	1,229.76
Watson	# 1	755.00	27.18	761.04
TOTAL	20	13,335.00	488.24	13,670.72
Lone Pine Oil Co. Interest				
Wilson	# 4	860.00	30.96	866.88
Pinkston B.	# 2	750.00	27.00	756.00
"	# 3	750.00	27.00	756.00
"	# 4	750.00	27.00	756.00
Total	3	2,250.00	81.00	2,268.00
TOTAL	4	3,110.00	111.96	3,134.88
GRAND TOTAL	24	16,445.00	600.20	16,805.60

394,680 Bbls. Daily production. H. D. Bewley

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COPY.

Letterhead: TEXAS-CANADIAN OIL CORPORATION LIMITED.

Head Office
610 Metropolitan Building,
Toronto, Canada.

9th February, 1935.

To the Board of Directors of
TEXAS-CANADIAN OIL CORPORATION, LIMITED

Fellow Directors:-

I believe that the figures in the oil run statements which are presented herewith, together with the forecast for the month of February, will give you a better progress report than any I could relate, so that I shall make this report brief.

Since the first of May, 1934, the beginning of our fiscal year, we have purchased three completed wells and have drilled sixteen wells, one of which was subsequently sold at a profit, and the interest in the Valentine-Hilburn well substituted. So that we now have 24 producing wells, all of which are in good condition. The average drilling cost of these wells was approximately $9,800. each, including the standardization of three of them, and as I understand that the average cost of drilling done by the Major Companies runs about $11,000.00 I have no hesitation in saying that I believe our costs have been kept down to a minimum, especially when we consider that we have not used anything but new material and equipment, which has been practically all purchased from the Continental Supply Co.

As you will note in the forecast of oil deliveries for the month of February, the potential per hour from these 24 wells is 16,445 barrels, of which we are only allowed to produce 3.6% or 600 barrels per day. In other words, it just takes two minutes per day to produce what we are allowed to sell from each well. The price is still $1.00 per barrel, but I am informed on good authority, that a definite advance movement will probably take place about the first of April. All records show that storage oil is being reduced from week to week in large quantities, and with the orderly allowable in production as at present, this storage oil will necessarily be further decreased.

We have had to spend considerable money on re-conditioning the Martin well No. 1 as it was found that it had been drilled too deep in the first place, and it was necessary to plug it back and make a complete salt water shut off. This work cost approximately, including labor

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around $3,000. In connection with this lease we might say that we were very careful with the drilling of Martin No. 2 Rotary tools were used to a depth of 3,685 feet and cable equipment installed to finish it at 3,728 feet or a sub-sea of 3,308 feet. This cost a little more but the No. 2 well is a splendid well, and No. 1 is now flowing freely. We were put to some extra expense during the past two months with costs of supplemental abstracts, etc, necessary to change some of the pipe line connections, that is, changing from the independents to the Major Companies. We had an unfortunate experience in dealing with the Atlas Pipeline Co. - an independent - on account of their getting into financial difficulties. However, this Company has now been taken over by the American Locomotive Company and they are getting ready to pay out as soon as they obtain the necessary Court Order. We have about $1,300 owing to us in back oil sales for November, but we have every reason to believe that this will be paid as soon as this Court Order is issued to the new company.

We have been negotiating for some little time for the purchase of the major interests in the Valentine-Hilburn well on the 2.66 acre tract in Gregg County. First we purchased from Edward Valentine a 10% working interest which cost $1,000. Then we secured a 34/100th interest from Carlisle Rowntree at a cost of $4,000 cash and deferred payment of $2,000. On this same property G. G. Glasscock held certain judgments upon which there was still owing $6,514. These were first claims on the oil runs and had originally been held by Glasscock at $27,687.00 We purchased these judgments from Glasscock at $6514. as of 1st November, since which time we have been receiving the oil payments with respect to them. We are now being paid by the Magnolia Co. 57% of all oil runs from this well. We also obtained a permit to drill a second well on the property, but before this is done, I think it is extremely important that the remaining interests in the property should be purchased by us, if at all possible.

We also purchased during the past three months a 1/16th oil payment from one J. P. Rayzor in the Cox wells and lease, at 50¢ on the dollar. Subsequently I thought it advisable to dispose of this oil payment at a profit and the Company received 62½¢ on the dollar net for it. As a few of the major companies were joining in developing a block of acreage in Wichita County, which was purely wildcat, I considered it to be a fair gamble and purchased a 1/16th interest for the sum of $650.00. Subsequently the well was completed but was found to be dry.

A further gamble was taken in 20 acres in Houston County, and while nothing has developed there up to the present,

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the possibility is by no means remote that oil will be found in that section.

Regarding the wildcat acreage of 6500 acres in Angelina County, midway between East Texas and Galveston, I have spent considerable time and trouble in an endeavour to get sufficient acreage sold to some of the major companies to give us enough to drill a well on this property, but while we have promises of assistance from the Texas Co. the United Gas and the Houston Oil Co. all of them claim that they cannot do anything of a definite character until after the 1st of March, and owing to the fact that I had my hands pretty full in connection with the programme of drilling in the East Texas section I have not been able to make any progress with this wildcat. Unless actual drilling starts on this block by the first of March, we run the risk of forfeiting our rights to drill there. However, I still believe that if we were in a position to go on with the drilling after that date I could get an extension of time from the Vendors.

We have taken a 1/6th interest in a 2,100 acre tract in Galveston County, at a cost of $500, and I am submitting herewith copies of letters from George L. Noble showing the possibilities of this proposition, together with a map outlining the location.

We have not any drilling contracts in operation at the moment, but we have permits for two more wells one on the Cox and one on the Hilburn. There is every possibility of getting a permit on the Watson but it has not been definitely secured.

Respectfully submitted,

SGD. P. D. BOWLEN.

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Ottawa, Ontario.
April 4, 1925.

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Dear Mr. Hallam:

I appreciate receiving the booklet referred to in your letter of April 1st.

Yours very truly,

Arthur Meighen.

Mr. Douglas Hallam,
Secretary,
Cotton Institute of Canada,
800 McGill Bldg.,
Montreal, Que.

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Phone Marquette 5984

Cotton Institute of Canada

800 McGill Building, 485 McGill Street

Montreal, P. Q.

L 25 152

April 1st, 1935.

The Rt. Hon. Arthur Meighen,
Minister without Portfolio,
House of Commons,
Ottawa, Ont.

Dear Sir:

The booklet enclosed under separate cover, reviewing the evidence concerning the Cotton Textile Industry in Canada, as placed before the Royal Commission on Price Spreads last December, is being given fairly wide distribution. Copies are being mailed to members of Federal and Provincial Parliaments, editors of all daily and weekly newspapers, members of Chambers of Commerce, professors of Universities, and a representative group of business and professional men throughout Canada.

It is hoped that this booklet will serve to clarify some of the impressions which may have been left in the public mind by certain press accounts published at the time the evidence was presented.

Yours faithfully,

Douglas Hallam

Secretary.

WMB:B

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THE PRIMARY COTTON TEXTILE INDUSTRY

in Canada

HISTORY AND DEVELOPMENT

✦

SOME FACTS AND FIGURES

including

A Brief Review of Report Submitted

to the

ROYAL COMMISSION ON PRICE SPREADS

by its Auditors

COTTON INSTITUTE OF CANADA

— 1935 —

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PREFACE

THE MAIN purpose of this booklet is to present a summary of the facts brought out at the recent investigation into the Primary Cotton Textile Industry by the Royal Commission on Price Spreads. Nearly all the statistics used are taken from the report of the Royal Commission's auditors. In regard to the larger companies, these figures were obtained by the auditors from the companies' books. In regard to the other mills, the figures were tabulated by the auditors from the results of an investigation by questionnaire. A few of the figures used have been taken from the published reports of the Dominion Bureau of Statistics. All of these figures were prepared and tabulated independently of the companies themselves.

As a background against which these facts may be studied, a brief historical review of the industry as a whole and of its separate units has been included, together with some comments and explanations in regard to the policies and practices which characterize this industry.

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Introduction

✦

It is the natural objective of all countries to produce in so far as possible within their own borders the chief necessities of life, such as food and clothing. The establishment of the cotton industry in Canada nearly one hundred years ago, therefore, was based upon sound economics, and followed closely upon the establishment of this industry in the United States.

While the raw cotton was grown in the Southern Atlantic States, the manufacture of cotton goods in the earlier years was largely concentrated in the New England States, which from the standpoint of transportation and an available supply of workers, were no more advantageously situated than those localities in which cotton manufacturing was established in Canada. Even today when the growing of cotton has shifted largely from the Atlantic States to further west and south, Canadian mills are still well located in so far as their relationship to their supply of raw material is concerned.

The development of this industry in Canada is a much more logical development in this regard than the establishment of this industry in either Great Britain or Japan, the two largest producers of cotton fabrics in the world.

In 1844 the first cotton mill was established in Canada, at Sherbrooke, Quebec. In 1847 a small mill was established at Thorold, Ontario, but this mill was later closed. The first large scale mill was established at Merritton, Ontario, in 1850. This mill was equipped with 12,000 spindles and 260 looms. Gordon Mackay & Company of Toronto were their selling agents. This firm is still one of the largest distributors of cotton fabrics in Canada. In 1861 Parks Mill was established at St. John, N.B. In 1872 a cotton mill was established in Montreal, and the pioneer in this venture was Victor Hudon, who later founded the wholesale firm of Hudon, Hebert & Company, which is still one of the leading Canadian organizations in the grocery field. From this time on the industry grew quickly. The Census of 1881 lists 19 cotton mills, producing goods to the value of nearly four million dollars.

For a time the young industry was threatened with a state of over-capacity for the needs of the domestic market; but this was staved off by diversifying the output of some of the mills, by the production of finer goods than had been originally attempted, and by developing an export trade to foreign countries, especially to the Orient, in coarse grey cottons. This latter trade, which had the advantage of low export freight rates over the newly opened Canadian Pacific Railway, was at first surprisingly successful, and in 1889 a new mill of 12,000 spindles was built at Montmorency Falls expressly for export trade. By 1898 the total capacity in the Dominion was placed at 643,312 spindles. The Oriental trade proved unreliable, however, and the mills which had been devoted to supplying it transferred their output to the domestic market, which after 1897 was also increasingly supplied by British manufacturers. The first few years of the new century were years of extreme difficulty for Canadian cotton manufacturers, who were compelled to resort to price cutting on a ruinous scale in the effort to secure enough business to continue in operation.

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The industry at that time was made up of many separate units, some of them small, each mill endeavouring to produce any and all lines of fabrics for which orders could be secured. Specialization was therefore impossible, and there was an immense amount of waste due to constant changing of looms and machinery for the purpose of making short runs of different kinds of goods. The mills were for the most part modern and well equipped, but they had been compelled to undertake the production of a much more diversified line of goods than had been originally contemplated, and the cost of this diversification, not being offset by any savings through specialization, was more than the most efficient plant could carry.

The owners of a number of the plants then operating realized that if the industry was to render a satisfactory service to the consumers of cotton goods, and earn interest on the large investment, it must be put on a sounder basis. The logical action was to combine operations of a number of mills under one management so as to permit individual mills to concentrate on fewer types of goods. In 1892 the first action was taken along this line by a group of six mills which resulted in real economies in the cost of production, and permitted these mills to compete more satisfactorily with imported fabrics, by selling their products at lower prices. In 1905 further constructive action was taken and the activities of another group of mills were consolidated. Some of the larger units continued to operate independently, but these consolidations resulted in increased efficiency, better wages for the workers, and lower prices for consumers.

In the earlier years investments in the cotton industry had been to a large extent unprofitable, owing to the chaotic conditions which existed, of a large number of individual units, each making a great range of goods and each with heavy overhead charges and separate sales organizations. Shortly after the turn of the century, the industry had become fairly well stabilized, and although profits have not been large, it has become one of the soundest and most efficient industries in Canada.

The inquiry by the Price Spreads Commission has served a useful purpose in giving publicity to many essential facts which are of public interest in view of the large part which this industry has played in the industrial development of Canada. The inquiry was chiefly concerned with facts concerning the capital structure and profits, employment and wage policies, with some reference to sales policies and imports from other countries. Each one of these phases of the inquiry is dealt with briefly in the following pages.

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REPORT TO PRICE SPREADS COMMISSION

The report of Clarkson, Gordon, Dilworth, Guilfoyle & Nash, Chartered Accountants, prepared under the instructions of and presented to the Royal Commission on Price Spreads, covering the years 1930 to 1934, dealt with the operations of nine companies and their seven subsidiaries, which represent nearly the whole of the Primary Cotton Textile Industry in Canada. These companies were:

DOMINION TEXTILE COMPANY, LIMITED.
Its subsidiaries—Drummondville Cotton Company Limited; Sherbrooke Cotton Company Limited.

CANADIAN COTTONS LIMITED.
Its subsidiary—Cornwall and York Cotton Mills Company, Limited.

MONTREAL COTTONS LIMITED.
(Controlled by Dominion Textile Company Limited.)

THE WABASSO COTTON COMPANY LIMITED.
Its subsidiaries—The Shawinigan Cotton Company Limited; St. Maurice Valley Cotton Mills, Limited.

HAMILTON COTTON COMPANY LIMITED.
Its subsidiary—Trent Cotton Company Limited.

GOODYEAR COTTON COMPANY OF CANADA LIMITED.

EMPIRE COTTON MILLS LIMITED.

COSMOS IMPERIAL MILLS LIMITED.

DOMINION FABRICS LIMITED.
Its subsidiary—Dominion Yarns Limited.

The above named companies and their subsidiaries operate a total of 29 mills, of which 10 are located in Ontario, 15 in Quebec, and four in the Maritime Provinces. The majority of the mills are located in small towns, only five being established in the principal cities, and 15 in towns of less than 15,000 population.

Employment and Wages

The Primary Cotton Textile Industry in Canada in 1933 gave employment to 15,500 workers. The division of classes of labour is such as to provide diversified employment in the communities in which mills are established. In the 29 mills which were investigated, the following schedule shows the division of employment as between adult labour and youths and girls.

Division of Employment as between Adult Labour and Youths and Girls

	Adult Males 21 years and over	Youths and Boys under 21 years	Adult Females 18 years and over	Girls under 18 years
	%	%	%	%
Ontario	56.3	7.5	34.0	2.2
Quebec	54.2	12.9	29.9	3.0
Maritimes	60.0	3.7	32.6	3.7
All Provinces	55.0	11.0	31.1	2.9

The "main street" of many a town reflects faithfully the satisfactory employment conditions, in towns fortunate enough to have a cotton mill as a source of employment.

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Another satisfactory feature of employment in cotton mills is that it is practically continuous throughout the year, and not seasonal to such an extent as are many other industries. While the sale of the product is in a measure seasonal, all mill managements plan their production with the objective of giving steady employment to their workers. Their ability to do this is largely due to the fact that the industry is organized on a sound financial basis. Capital reserves have been built up over a long period of years, enabling the mills to plan their production, which not only results in advantage to the workers, but is the most economical method from the standpoint of the consumers of their products.

On the whole, the industry furnishes well paid employment. In considering wage rates it must be constantly kept in mind that these apply to year round employment. Perhaps the most significant fact brought out by the inquiry was that out of the 15,500 employees there was not a single case reported in which the wages for female workers had been less than the minimum wages provided for by law in the various provinces. The average wages paid to female employees were far in excess of the requirements of the law.

During this inquiry it was quite apparent that a number of employers engaged both in production and distribution felt that their obligation to their female employees had been met if the minimum wage laws were complied with. In other words, in a great many cases the minimum wage became the maximum. This was not the attitude of employers in the Primary Cotton Textile Industry. For example, the auditors reported that the largest cotton company in Canada, whose mills were located in the Province of Quebec and who had mills in Montreal where the minimum wage for experienced workers was $12.00 per week, had adopted a fixed policy of maintaining wage rates in Montreal well above the minimum required, and were working on a fixed differential of five per cent. lower wages in the districts outside of Montreal. In other words, while the law required that wages should be 20 per cent. higher in Montreal than in the smaller towns and cities, this company paid wages only five per cent. below the Montreal rate. That this policy had given the expected result is evidenced by the fact that the average wage paid all female employees throughout the whole industry was approximately 25 per cent. higher than the minimum required by law.

In reporting on the question of the payment of minimum wages, the government auditors reported as follows:

> "In the cotton trade, we have actually gone over item by item the payrolls of ten mills. We have gone through the employees' experience records to see if there were any cases of infraction of the minimum wage laws. We found no mill that we examined breaking the law in regard to minimum wages, and the average of the female employees is lower than the average of male employees, which does not indicate a large or important proportion of very low paid male employees."

This last statement was made by the Commission's auditors, in view of the fact that in a great many cases employers were found in other industries who were paying actually lower wages to male employees than female employees because male employees had not the protection of minimum wage laws.

There are numerous tables given in the reports dealing with wages, but these are summarized in the following table showing average wages in the four sex and age classifications, by provinces. These figures are compiled from an actual payroll for one week in February, 1933, and one week in February, 1934:

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Hourly Wage Rates according to Sex and Age

Provinces	55% Adult males 21 years and over	11% Youths and boys under 21 years	31.1% Adult females 18 years and over	2.9% Girls under 18 years
1934	cts.	cts.	cts.	cts.
Ontario	32.72	22.26	25.00	19.65
Quebec	30.04	17.40	21.66	16.20
Maritimes	34.72	21.65	25.28	20.91
Average ...	31.01	18.24	22.75	17.23
1933	cts.	cts.	cts.	cts.
Ontario	35.63	21.98	25.29	20.08
Quebec	33.90	18.95	22.61	17.46
Maritimes	39.76	23.48	27.63	23.49
Average ...	34.73	19.44	23.63	18.19

It will be noted that the wage rates in the Quebec mills were somewhat lower than in the other provinces. However, as evidence of the fact that the wages as shown reflect wages much higher than the requirements of the minimum wage laws, the following table shows the wages required for females under the Minimum Wage Law in the Province of Quebec, in the towns in which most of the mills are located:

Quebec Minimum Wage Rates

	Rate per week	Rate per hour cents
Experienced workers, having over 24 months' experience at the trade .	$10.00	18.18
Apprentices:		
Fourth six months	9.00	16.36
Third six months	8.00	14.55
Second six months	7.00	12.73
First six months	6.00	10.90
Average for apprentices		13.64

The Act does not fix any hours, but provides that the wages shall be based on the recognized working period of the individual mills. The hourly rates shown are based upon the average hours worked in the industry.

It will be noted that in 1933 the average paid to girls under 18 years of age in the Province of Quebec was 17.46 cents per hour, and in 1934, 16.20 cents per hour. It may be assumed that practically all of these were apprentices having less than two years' experience. The average rate required by law for apprentices is 13.64 cents per hour, so that the actual average wage paid in 1933 was 3.82 cents per hour, or 28 per cent., higher than the average wage required under the Act. In regard to adult female workers 18 years of age or over, the average wage received in the Province of Quebec was 22.61 cents per hour in 1933 and 21.66 cents per hour in 1934. Many of these workers had less than two years' experience and therefore should be regarded as apprentices. However, if we accept them all as being experienced workers, the rate they would have been required by law to

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be paid was 18.18 cents per hour, whereas they were paid 4.43 cents per hour in excess of this in 1933, or 24 per cent. higher than the requirement under the minimum wage law. In so far as Ontario is concerned, the wages paid were slightly higher than in Quebec. As the minimum wage rates in both provinces are practically the same, the Ontario rates are above the requirements of the law by a higher percentage.

It will be observed that the average wages paid in this industry are at least four cents per hour higher than the requirements of the Minimum Wage Law for female workers. As more than one-third of the 15,500 workers in this industry are females, this means that the industry has paid over $10,000 per week in wages in excess of the requirements of the law, which demonstrates that the employers have not only fulfilled the letter of the law, but have lived up to the spirit of that legislation by paying an average wage well above the required minimum.

Mention has been made of a reduction in wages of approximately 10 per cent. in April, 1933. Half of this was restored in April, 1934, but this increase is not shown in the general schedule of hourly wage rates for 1934. It should be noted that early in 1933 was the time at which the depression had reached its lowest point. Sales had fallen from forty-eight million dollars in 1930 to thirty-four million dollars in 1933. Profits in the cases of some of the mills had completely disappeared, and heavy losses were being sustained. The percentage of profit to net worth throughout the industry had fallen to almost two per cent., and the world had entered the fourth year of depression before any wage reductions were brought into effect. Dividends had already been cut or completely eliminated. Executive salaries had been substantially reduced before the wages of the workers were touched. The policy of the cotton mills in this regard is in sharp contrast to what had taken place in many other industries.

At the conclusion of the inquiry into textiles, the Commission's auditors filed a statement showing the average annual wages of factory workers for the years 1930 to 1933 for all branches of the textile industry. These annual earnings do not include superintendents, or, of course, any executive, office, or sales staff, but cover factory workers only, both male and female, and also include much part time employment, and labour turnover, both very important factors in reducing the actual earnings. The actual earnings thus shown were as follows:

Primary Cotton Textile Industry

Average Annual Wages of Factory Workers

	1930	1931	1932	1933
Average Annual Wages, Male and Female	$692	$699	$690	$660

These figures should not be taken as possible earnings, but simply as the average amounts which the workers actually received. Their earnings compare favourably with other industries or with industry in Canada as a whole.

The Dominion Bureau of Statistics has reported fully on the earnings of all persons who were gainfully employed in Canada in 1931, the year the census was taken. In the published census reports covering wage earners, the average yearly earnings during 1931 for all males gainfully employed was $927, and for all female workers $560.

In considering these figures, it is important to consider the definition given by the Bureau of Statistics for the term " wage earner." The report states:

> " The term ' wage earner ' as used in the census, means a person who works for salary or wages, whether he be general manager of a bank, railway, or manufacturing establishment, or only a day labourer."

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In order to compare these figures with the earnings in the cotton textile industry, it must be taken into consideration that of the total number of wage earners in Canada, approximately 80 per cent. were male and 20 per cent were female workers. The weighted average, therefore, for all wage earners in Canada, was $853. As will be noted above, the factory workers in the cotton textile industry in the same year earned an average of $699. This included part time workers, and included 40 per cent of women workers. If to this is added the average earnings of the executive and office staff, superintendent, sales staff, and all other employees not included as factory workers, it would approximate very closely the average earnings of all wage earners in Canada. Indeed, the investigation into the whole question of wages both in production and distribution demonstrates that the cotton textile industry on the whole affords steady and well paid employment.

In considering the earnings of factory workers in Canada, it should also be noted that they are far above the earnings of similar workers in Great Britain, and are higher than earnings of workers in this industry in the United States.

The Census of Production issued by the British Government for the year 1930 (the last available) divides the workers in the cotton industry into two groups. This report shows that workers in the spinning and weaving branches of the industry, of whom there were 234,079, earned £19,680,000, which works out at average yearly earnings of £84, which at par of exchange equals $417. The 67,542 workers employed in the finishing of cotton fabrics earned £7,972,000, or an average of £119 which at par of exchange equals $590, or a weighted average for both classes of workers of $455 per year.

The United States Census for 1931 reported 329,962 workers employed in the cotton textile industry, who earned $219,680,000, or an average of $666 per year.

Both of the above calculations include both male and female workers. It will be observed, therefore, that the annual earnings in Canada are 54 per cent. higher than in Great Britain, and 5 per cent. higher than in the United States previous to the N.R.A. Since that date the hourly rates in the United States have been increased under the N.R.A., but the working hours have been reduced, the net result being that the actual earnings of Canadian workers are still considerably higher than the earnings of similar workers in the United States.

No comparative figures are available for Japan, but it can be definitely stated that wages in Canada are from five to ten times the wages paid in Japan, which has became the greatest exporter of cotton goods in the world.

It is therefore a simple statement of fact to say that the average earnings of workers in the cotton textile industry in Canada are higher than in any other country in the world.

Not only are the workers rewarded by a larger amount of cash in their pay-envelopes than in other countries, but their working conditions are of the best. The larger companies have non-contributory pension plans for employees with more than 15 years' service, who may retire on pension at 60 or 65 years of age. Opportunities have been afforded to workers to participate in group insurance plans, to which the companies contribute.

At some of the mills outdoor recreation facilities have been provided, and social club houses maintained. These activities are not carried on as a form of industrial paternalism, but are a result of harmonious relations between the workers and officials of the companies.

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Capital Structure and Profits

The Royal Commission dealt very fully with the capital structure and profits of the Primary Cotton Textile Industry. A summary of the capital and funded debt of the group for 1933 shows a total investment of $67,035,385, made up as follows:

Summary of the Capital Structure of the Group for 1933

		Percentage to Total
Bonds	$14,121,126	21.1
Preferred shares	10,741,310	16.0
Common shares	29,244,622	43.6
Surplus and reserves	12,928,327	19.3
	$67,035,385	100.0

In regard to this table the Commission's auditors reported that:

"The holdings of the nine operating parent companies in bonds and shares of their seven subsidiaries have been eliminated from the above figures and also from the totals of capital and funded debt. Of the nine principal companies, two are entirely owned by manufacturing concerns which are not textile producers, and one is privately owned by Canadian interests. The other six are public companies, each of them having either bonds or shares, or both, outstanding in the hands of the public. One of these six, however, is controlled by the largest company in the group, which owns over 50 per cent. of its common shares."

The reference by the Commission's auditors to the six large companies as "public companies" is really an accurate description of them, as their shares are so widely distributed. While their profits have not been large, the basic soundness of the capital structure of these companies has made their shares attractive for investment of trust funds, where security rather than income is the objective. For example, the Dominion Textile Company, which is the largest, had 2,067 common shareholders of record at the end of their last fiscal year. The average holding of these shareholders was 130.6 shares each, out of a total issue of 270,000 common shares. The largest single shareholder was an insurance company. Taking the ten largest shareholders, the average holding was approximately 3 per cent. of the outstanding shares, and this list of the principal shareholders includes insurance companies, trust companies, and other fiduciary institutions holding trust funds. No individual shareholder held as much as 2 per cent. of the outstanding common shares. The situation is similar in regard to the preferred stock, of which there are 19,405 shares of $100 par value, outstanding. These shares are owned by 744 shareholders, giving each an average of 26.1 shares. The largest eight shareholders include institutions such as insurance companies, holding an average of 2.8 per cent. of the total issue. It is a rather interesting fact that McGill University is the largest single shareholder of preferred stock in this company. Other large shareholders are institutions similar to those holding substantial blocks of common stock. A similar condition exists in regard to the other large companies, so that the continued prosperity of the primary cotton textile industry in Canada is of great importance to thousands of small investors, public institutions, etc.

In regard to profits, the report was very complete, showing both gross and net profits in their relationship to sales, invested capital, and net worth.

The gross profit is the difference between the sales value and the total factory cost of the goods sold, without provision for selling, general, administrative and financial expenses. Because of variations from year to year in some of the companies' depreciation charges, and lack of uniformity among the different

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companies in this regard, the gross profit is shown on the combined statement both before and after depreciation charges. Depreciation is shown as a separate item instead of being included in the cost of goods sold. The gross profit of the group expressed as a percentage of sales is shown on the statement as having increased during the period 1930 to 1933. This is due to the fact that sales declined over this period to a greater extent than it was possible to reduce overhead costs. The gross profit ratios for each year are shown, percentages being given both before and after depreciation and also on the basis of a fixed depreciation charge:

Gross Profit of the Group expressed as a Percentage of Sales

	1930 %	1931 %	1932 %	1933 %
Percentages of Gross Profits to Sales—				
(a) before depreciation	15.2	16.3	16.9	18.5
(b) after depreciation	10.4	11.2	11.4	11.8
(c) if the same amount of depreciation had been provided each year as was provided in 1930	10.3	9.9	9.8	10.9

The significance of these "gross profit" figures may not be appreciated by the casual reader. What is termed a gross profit is really not a "profit" at all, but is a term used by the auditors which covers all management and selling cost and includes the "net profit" if any. This item amounted to an average of approximately 10 per cent. of the value of the production over the period after normal depreciation had been allowed, and includes executive salaries, all other office and management costs, all sales costs including the cost of maintaining branch offices throughout Canada, losses through bad debts, travelling expenses of the executive and sales force, and innumerable other items of general overhead necessary for the management and administration of a great industry. It covers all costs with the exception of raw materials and factory wages.

This should have been of great interest to a Royal Commission investigating "Price Spreads." Here was an industry in which the "spread" between actual factory costs and selling price was shown at a figure which under a less efficient form of organization might have represented a selling cost alone. It should be pointed out that this narrow spread of about 10 per cent. was not merely due to the nature of the industry, but was a direct result of efficient management and organization, the benefits of which were passed on to the consumer in the form of lower selling prices.

The net trading profits of the group expressed as a percentage of sales declined from 4.4 per cent. in 1930 to 3.8 per cent. in 1933. More important, however, than the net trading profit in relation to sales is the profit in relation to invested capital which is shown below. This relationship is indicated by the ratio of earnings (before bond interest) to the fixed investment consisting of capital, surplus, free reserves and funded debt, or, placing more emphasis on the ownership factor, by the ratio of net earnings (after bond interest) to net worth, which includes only the capital, surplus, and free reserves. The profits of the group in proportion to its investment are shown both ways as follows:

Summary of Net Profits of the Group in Proportion to its Investment

Year	Ratio to total Investment	Ratio to net Worth
	%	%
1930	3.9	3.3
1931	3.3	2.5
1932	2.9	2.2
1933	3.0	2.1

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It will be observed that during the four years under investigation the net profits in relation to investment declined from 3.9 per cent to 3.0 per cent., and the profit ratio to net worth declined from 3.3 per cent to 2.1 per cent.

For some unexplainable reason there appears to be an impression that the Primary Cotton Textile Industry has paid large profits. Such is not the case, as is revealed by this report. Over the past thirty years, sound management has resulted in profitable operations, but only a portion of the profits so made have been paid out by way of dividends, which have been regular but not large. These dividends have not been paid to a few large owners, but have been widely distributed to thousands of small investors throughout Canada. The mills have been maintained at a high state of efficiency, and have been steadily enlarged and improved by utilizing a portion of the earnings year by year for this purpose rather than by the issue of new securities to obtain money for expansion and improvement. Most of these companies have adopted this conservative policy from the beginning, of building up reserves, and it was due to this sound practice that the industry was enabled during the past five years to continue a fair and stable wage policy, and to continue at least some dividend payments to its shareholders.

There is another aspect from which the question of profits may be regarded, which was not touched upon by the Commission auditors, that is the profit per yard of goods sold. Over a period of years, it will be found that the average net profit, taking the mills as a whole, will vary from ½c to ¾c per yard. The smallness of this profit will be appreciated when it is pointed out that the selling price of goods runs from a low of about 5c per yard to a high of about 50c per yard. The cloth in a woman's dress, say 5 yards at 15c a yard, or 75c, yields a profit of from 2½c to 3½c to the mill making the cloth, while the dress would sell for $1.95 retail; or a man's work shirt on a similar basis yields from 1c to 2c net profit. This is all that the consumer contributes so that those who have invested in the cotton industry may obtain a return on that investment.

Quality of Goods

During the course of the inquiry before the Price Spreads Commission, a direct reference was made to the quality of Canadian fabrics, carrying the suggestion that from the standpoint of fastness of colour Canadian goods were inferior. If there is one matter of policy in which the mills in Canada making coloured goods are most particular, it is in regard to this question of colour fastness. It may be very definitely stated that the fixed policy of the mills in Canada is to use only dyestuffs of the highest quality in the production of goods for clothing purposes which may require washing. The most elaborate and detailed precautions are taken to see that no goods leave the mill until they have been thoroughly tested. The mills have research departments, employing staffs of chemists and other scientifically trained men. In one of the largest coloured goods mills, a sample of every single piece of goods put through the plant is put through a severe colour test, and a sample of the goods before and after testing is placed on the desk of the Plant Manager every morning for approval before shipping.

To realize the money cost of this policy, it may be pointed out that the average cost of dyeing fabric, for dyestuffs alone, is approximately 1½c per yard. If inferior colours were used, this could be cut to an average of approximately 1c per yard. This difference of half a cent a yard in the cost of colour material alone is far more than the average profit per yard on the millions of yards sold each year.

The mills in Canada frequently have to meet the competition of imported goods in which inferior dyestuffs are used. When such goods are offered for sale at retail, it is quite impossible for the consumer to determine whether they are

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fast coloured or not, or if they are Canadian made. In fact, it has frequently occurred that imported goods labelled as being fast coloured have turned out to be goods in which very inferior dyestuffs have been used. The Canadian mills believe that in the long run their policy of using the best dyestuffs obtainable is a wise one, and that Canadian consumers will be educated to the knowledge that Canadian made coloured fabrics are unsurpassed in this regard.

In this connection, some very interesting evidence in regard to the quality of dyestuffs used in Canada was given to the Price Spreads Commission by Dr. H. M. Tory, President of the National Research Council. Dealing with dyestuffs used by the textile industry generally, Dr. Tory said:

> "This is an analysis of certain dye imports. The total importations for the year 1933 were 1,890,720 pounds. The period from April 1st to October 31st they were 1,542,000 pounds. There were some not classified and some classified. Of the 415,000 pounds which we analyzed, and of which we were able to determine what the quality was, those of poor fastness amounted to 9,407 pounds; medium, 33,001 pounds, and good, 233,820 pounds. That is to say, our analysis of the 275,000 pounds that we could classify showed 232,000 were good dyes, so that there is a small percentage, about 8 per cent., of poor ones."

The imports of dyestuffs above referred to were, of course, used in many industries, but confirm the statement that in the cotton industry only the finest quality dyestuffs are used.

It is not only in regard to colour that Canadian made goods are superior to much of the goods imported, but also in all round quality. All the great exporting countries, including Great Britain, United States, and Japan, either have a demand within their own borders or from countries to which they do export business for cotton materials of a very inferior quality. They therefore produce goods of this character to satisfy that demand. There is no such demand in Canada, as the standard of living in this country is such that the market demands good quality goods. However, large quantities of these low-grade goods find their way to this market, and although no permanent market is built up, they are constantly being brought in and sold on the basis of a low price, thus displacing Canadian made goods of better quality.

An outstanding example of this kind of competition which must be met by Canadian mills is the importation of millions of yards of low priced cotton tweeds from continental Europe. In 1931, samples of these tweeds were given to the Ontario Research Foundation for chemical analysis. It was found that they were made from old unwashed rags derived from used clothing, and contained a large percentage of foreign matter which had accumulated on them while they had been worn in the form of clothing before being torn up and turned into yarn for the production of these tweeds. These goods continue to come into Canada, although they are inferior in quality, and in real value, and an actual menace to health. Goods made in Canada competitive with these tweeds are made from new, clean, raw cotton, as positively no cotton shoddy is used by any cotton mill in Canada, although it forms a large percentage of the total raw material for low-priced goods of this class produced in other countries. It is, of course, true, that many fabrics equal in quality to those produced in Canada are produced in other countries, but there is no country in which the general standard of quality is as high.

There are few industries which require at the same time mechanical efficiency, scientific knowledge, and artistic ability, in order to be successful. In all of these attributes, the cotton textile industry in Canada is unsurpassed.

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Sales Policy

The greater part of the production of the Primary Cotton Textile Industry is sold for further manufacture, only about one-third of the production reaching the public in the form in which it leaves the mills. Taking the sales for 1933 as being typical, the following is a summary of the disposal of their product:

Summary of Disposal of Cotton Textile Products in 1933

	Per Cent.	Per Cent.
For further manufacture, sales to other manufacturers.....		67
As consumers' goods—		
Sales to jobbers and wholesalers	19.1	
Sales to department and chain stores	13.5	
Sales to smaller retailers	.4	
		33
Total		100

Of the 67 per cent. of the production which is used for further manufacture, the largest percentage goes to the clothing trades. There are many other industries which are large users of cotton products, such as the producers of rubber goods, bedding, bags, tires, and many other commodities. In regard to consumer goods, this industry is one of the few which still get the largest part of their distribution to the public through the medium of the wholesaler. While the percentage sold through wholesalers is only 19.1 per cent. of their total production, it constitutes approximately 60 per cent. of the finished consumer goods which they sell.

There is a great deal of misunderstanding in regard to the functions of the wholesaler. There is a tendency to regard the jobber or wholesaler as a "middleman" who takes an unnecessary profit. In the drygoods trade there is no doubt that the wholesaler is performing a function in the process of distribution more economically than this function could otherwise be performed. The Dominion Bureau of Statistics reports about 12,000 general stores, practically all of which carry a stock of drygoods, more than 500 variety stores, and a great many department stores and chain stores, practically all of which carry drygoods lines. Other retail users of cotton fabrics for linings or other purposes are about 2,000 customs tailors, and 1,300 millinery or dressmaking establishments.

If each of the cotton mills in Canada attempted to deal directly with all these retail outlets which handle their products, it would be necessary for each of them to establish warehouses throughout Canada to give the required service. They would have to handle the collections, take the risk and assume credit losses; adjust the claims of thousands of minor disputes annually; warehouse and repack tens of thousands of small shipments; finance the sales, warehousing, repacking, assorting, bookkeeping, credit, and general overhead of a multitude of small accounts. This process would probably double the amount of capital required, and add to the cost of the goods more than the wholesalers charge for this service. Each mill would require a staff of salesmen canvassing this list of about 20,000 possible customers, a set-up which would be exceedingly uneconomical. By utilizing the services of the wholesalers, who have warehouses strategically placed throughout the country and who, in addition to cotton products, carry a large range of other goods, the products of the textile industry reach each individual retail outlet at the lowest possible cost.

In some branches of distribution the wholesaler is becoming less and less a factor. As a separate unit he may be eliminated, but the service he renders cannot be eliminated. A manufacturer may become his own wholesaler and set up machinery for distributing his product direct to the retail trade, but for each of the cotton mills in Canada to follow this policy would undoubtedly mean high cost of goods to the consumer.

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Import of Cottons

It is not intended in this brief review to deal with the question of tariff. However, it would be incomplete without some reference to imports of cotton goods. It should be stated at the outset that protective duties covering cotton fabrics have always been moderate. There has never been a time since the first mill was established that the industry in Canada was not faced with the keenest competition from lower-wage countries. The following is a summary of imports of fabrics from 1929 to 1934, submitted by the Royal Commission's auditors:

Importations of Cotton Fabrics, 1929 to 1934

Cotton Fabrics from Principal Countries of Origin

Year	United Kingdom	United States	Total
	square yards	square yards	square yards
1929.....	38,127,000	75,638,000	113,765,000
1930.....	32,423,000	58,332,000	90,755,000
1931.....	27,929,000	37,103,000	65,032,000
1932.....	27,328,000	26,667,000	53,995,000
1933.....	46,704,000	17,112,000	63,816,000
1934.....	(63,821,000)	.....	.....

It will be noted that the total imports of fabrics from all countries of more than 113 million yards in 1929 had fallen to less than 64 million yards in 1933. This decrease is accounted for by a decline in the imports from the United States, due in large part to the fact that the principal imports from the United States were grey cloths used for industrial purposes. The decline in general business in Canada accounted largely for the falling off in imports in fabrics of this character. The adoption of the N.R.A., which put an end to child labour and extremely low wages in the South, also contributed towards this decline in imports from the United States. It will be noted, however, that imports from Great Britain increased from about 38 million yards in 1929 to more than 46 million yards in 1933, the sharp increase in 1933 over 1932 being due to the Imperial Conference Agreements. More recent figures not available when the report was made, show a continuation of the increase in imports from Great Britain, which in 1934 amounted to nearly 64 million yards.

The importations of cotton yarns as submitted by the Commission auditors showed the total pounds only. These have been divided in the following table to show imports from Great Britain, and from other countries separately:

Importations of Cotton Yarns—1930–1934

	Great Britain	Other Countries	Total
	Pounds	Pounds	Pounds
1930.....	1,506,000	3,823,000	5,329,000
1931.....	1,575,000	3,671,000	5,246,000
1932.....	2,048,000	2,127,000	4,175,000
1933.....	3,035,000	1,144,000	4,179,000
1934.....	4,097,000	963,000	5,060,000

The above figures indicate very greatly increased imports of yarns from Great Britain over this period.

It is an interesting although not well understood fact that the actual protection afforded to cotton goods produced in Canada reached its lowest point

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during 1933, just when the effect of the depression was most severe. From the standpoint of the Canadian mills, the extent of the protection per pound or per yard of cotton cloth is the true test of whether duties be high or low. The protection afforded cotton goods is mainly by way of an ad valorem duty based on the value. This steadily declined with the price of raw cotton, which dropped from a high of 17 cents per pound in 1930 to a low of seven cents per pound in 1933.

During the period under review, therefore, the mills in Canada producing cotton textile products were faced with declining sales, falling prices in their raw material which meant inventory losses, and coincident with this condition was the declining tariff protection against low wage countries outside of Canada. In view of these facts, the maintenance of wages through nearly four years of depression at the same level as the boom years of 1928 and 1929 reflects the greatest credit upon this industry.

An important factor in considering the prices which consumers in Canada pay for cotton fabrics is the fact that Canadian-made goods are nearly always sold at a lower mark-up, or gross profit, than imported goods, by both wholesaler and retailer. This is well known to everyone in the trade, and should be recognized by the consuming public. This is due to the fact that the value of Canadian-made fabrics is much better known to all classes of dealers than the value of imported cloths. While Canadian mills make a great range of specialty goods, the greater volume of their products are staple fabrics, such as sheetings, ticking, standard lines of prints, ginghams, cottonades, cotton blankets, towels, grey goods, etc., which have become pretty well standardized. Every dealer and a great many consumers know the value of these goods. Competition between retailers or wholesalers handling these standard lines requires that the mark-up be relatively low. In regard to imported fabrics, with the whole world to choose from, wholesalers and large retailers are able to obtain goods from foreign countries, the value of which is not known in the Canadian market, which are not carried by their competitors, and these, therefore, they feel can be sold at a greater mark-up or profit without this fact being known by the buyer. It is not suggested that there is anything improper in this method of merchandising. It is simply referred to here as a matter of general interest, that Canadian products reach the ultimate consumer with less of a distribution cost added than is the case with imported goods.

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SHORT HISTORIES OF INDIVIDUAL COMPANIES

The auditors' report to the Price Spreads Commission consolidated the operations of nine separate companies, operating twenty-nine individual mills. The following pages contain a brief historical review of each of these companies.

Canadian Cottons, Limited

In 1892 the Canadian Coloured Cotton Mills Company, Limited was formed, bringing under unified management the following mills:

St. Croix Mill, at Milltown, N.B.; Merritton Mill, at Merritton, Ontario; Lybster Mill, at Merritton, Ontario; Stormont Mill, at Cornwall, Ontario; Canada Mill, at Cornwall, Ontario; Ontario Mill, at Hamilton, Ontario; Dundas Cotton Mills, at Dundas, Ontario.

These mills had all been operating as separate units during earlier years. Some of them had been established as early as 1860. Due to the fact that the industry had been over-developed, resulting in high management and selling costs, difficulty was found in meeting competition from Great Britain and from the United States. Mr. David Morrice, who had been selling agent for a number of these individual mills, and who was in a position to know that this young and growing industry could be made more successful under unified management, was the leading spirit in bringing this group of mills together.

Under actual operating conditions it was found that some of these mills, by reason of their size, location or equipment, could not be operated at a profit. As a result mills at Merritton and Dundas were closed, and the machinery either moved to other mills or scrapped. At the time that this action was decided upon, the Company acquired the Cornwall Manufacturing Company's woollen plant in Cornwall to which a good part of the Merritton equipment was transferred, and the new mill was operated, as it still is, as a cotton blanket mill. Right here it is interesting to note a coincidence by which mills in two different parts of the Province of Ontario were known as "Dundas". It happened, however, that the name of the Cornwall mill had no connection whatever with the ownership of the old mill at Dundas, Ontario. The Company already had a "Stormont" mill, so named on account of its location in Stormont County, and the newly acquired mill in Cornwall was then named "Dundas" in keeping with the name of the adjoining county. A general plan of more specialized production was worked out, and each mill confined its activities to the fewest possible types of fabrics.

In 1910 a further reorganization took place, and the present Company, Canadian Cottons, Limited, was organized. At that time two additional mills were acquired, one the Gibson Mill at Marysville, N.B., originally built by Senator Gibson, and the other the more recently built Mount Royal Spinning Company's plant at Côte St. Paul (Montreal). In addition to this the controlling interest was acquired in the Cornwall & York Cotton Mills Company, Limited, at Saint John, N.B., operating two mills, Cornwall Mill and York Mill. Since that time there has been steady improvement in the mechanical efficiency of the Company's plants, and a continuation of the policy, as far as market conditions would permit, of specializing in production. At the present time the Company has concentrated its production in three mills at Cornwall, Ontario, and one mill in each point, Hamilton, Ontario, Marysville, N.B., Milltown, N.B., and Saint John, N.B.

The financing, at different times, of this constructive programme was always marked by the soundest methods. In 1910, when the present Company was organized, additional money was required for the extension of the Company's activities

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as just related and for modernization of plants. A bond issue was sold in Great Britain by the officers of the Company without any flotation expenses whatever, and the total proceeds of the bond issue turned over to the Company. As evidence of the sound position of this Company, it might be noted that the present appraised value of its physical assets exceeds by a substantial amount the face value of outstanding shares and bonds.

The Company specializes on many lines of woven coloured cotton goods such as ginghams, denims, cottonades, shirtings, flannelettes, cotton blankets, etc. In keeping with the progressive policy which has marked the management of the Canadian Cottons, Limited, the Company has of recent years developed the production of fabrics made from synthetic yarns, and now produces a very broad range of artificial silk dress goods, linings, etc.

Cosmos Imperial Mills Limited

This Company had its inception in 1883 in the town of Yarmouth, Nova Scotia—organized in that year as the Yarmouth Duck & Yarn Company, Limited, by local capital largely interested in the building and operation of wooden ships. Its primary purpose was the manufacture of cotton duck for vessels' sails. With the decline of the sailing ship industry, it was necessary to find new uses for the product it was equipped to manufacture; and such production was gradually diverted to industrial requirement.

The Imperial Cotton Company Limited was organized in 1900 at Hamilton, Ontario, where cheap power and better marketing facilities were available. In 1902 the interests controlling this Company became associated with the Yarmouth Duck & Yarn Company, Limited—the name of which Company was changed to the Cosmos Cotton Company, Limited; and a common selling agent, the J. Spencer Turner Company, of New York, was appointed.

The Cosmos and Imperial units continued to operate as separate entities until 1924, when the Cosmos Imperial Mills Limited, with head office at Hamilton, Ontario, was formed to acquire the undertakings of the constituent companies. In 1926 the present Company, of the same name, was organized, and the control passed to the Canadian public. Cosmos Imperial Mills Limited acquired ownership in 1929 of the J. Spencer Turner Company Limited, its sales agent. Additions to plant and equipment were made in 1907 and 1912 to the Yarmouth plant; and in 1918 to the Hamilton plant. The Company's mills contain 31,128 spindles and 218 looms. It has a capacity of 5,750,000 pounds per annum. Its normal personnel numbers approximately five hundred.

The Company primarily manufactures industrial fabrics for a wide variety of uses; which fabrics, for the greater part, are made to specification. They largely constitute raw material and equipment for other manufacturers. Its production, for industrial purposes, may be broadly classified as follows:

Mechanical hose and belting duck.
Boot, tennis and tire accessory fabrics for the rubber industry.
Agricultural binder and feeder canvas.
Sail and numbered duck for vessel, fishery and railway use.
Wide and ounce duck for the manufacture of tarpaulins, covers, bags, tents, awnings, etc.
Filter and press cloth for the requirements of soap, sugar, starch, mining, oil and abattoir plants.
Papermakers' cotton drier felts for use in news, book, kraft and board mills.
Waterproof duck.
Painted awning stripes.
Knitted padding for laundry and pressing trade.

Its brands, which are well established, are "Yarmouth," "Ontario" and "Imperial."

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Dominion Fabrics Limited

The late James Camelford, a native of Scotland, settled in the town of Paris, Ontario, in the year 1879. There, ten years later, he started the manufacture of hammocks on hand looms. This was continued until 1899 when he moved with his family to Dunnville, in order to secure power. This was developed from natural gas and there he installed power looms and other machinery for the manufacture of hammocks and portieres which had been added to the line by this time.

In the year 1901, a partnership was formed between James Camelford and his sons, John, Alex and Thomas, under the name of the Dominion Hammock Mfg. Co. This continued until 1908 when the Dominion Hammock Mfg. Co. Ltd. was organized with a board of directors consisting of Mr. James Camelford, his sons, Alex, Thomas and William. The newly formed company extended its operations to the manufacture of tapestries, tapestry curtains, table covers, couch covers, as well as hammocks.

In the year 1922, the Dominion Fabrics Ltd. was organized as a subsidiary to the Dominion Hammock Mfg. Co. Ltd. to manufacture Terry towels and towelling. Both companies operated under the same management until 1926 when they were amalgamated under the name of the Dominion Fabrics Ltd. At this time Miss Mary Camelford was added to the directors.

In the fall of 1926, the Dominion Yarns was organized as a subsidiary Company and acquired the Welland Cotton Mills in Welland to supply cotton yarn to the Dominion Fabrics Ltd. and for the knitting trade. The Dominion Fabrics Ltd. owns all the stock of the Dominion Yarns Ltd. and both companies are managed by the same board of directors.

The first plant, built by the Dominion Hammock Mfg. Co., was a small frame building employing about ten hands besides Mr. Camelford and his family. Since then there has been a continuous growth and development of the Company until at the present time the Dominion Fabrics Ltd. and its subsidiary, the Dominion Yarns Ltd., occupy 169,000 square feet of floor space and operate 6,200 cotton spinning spindles, 175 looms and the necessary preparatory and processing machinery as well as finishing equipment for the manufacture of towels, bedspreads, tapestry and draperies from the raw stock to the finished article. This gives steady employment to approximately 325 hands.

The entire capital stock of the Company is held by the family of the late James Camelford, with present officers: President, Mr. Thomas Camelford; Vice-President, Mr. William Camelford; Treasurer, Miss Mary Camelford, all of whom are actively engaged in the management of the Company and have entire supervision over all buying as well as production and the selling of the product.

The Dominion Textile Company, Limited

The year 1905 saw the inception of this Company as a result of a coalescence of the manufacturing facilities of the Dominion Cotton Mills Company Limited, The Merchants Cotton Company, Limited, The Montmorency Cotton Mills Company, and the Colonial Bleaching & Printing Company, Limited.

The Company today operates the following plants:

Hochelaga Mill, Montreal, a former Dominion Cotton Mills' mill.
St. Anns Whse., Montreal, a former Dominion Cotton Mills' mill.
Merchants Mill, Montreal, formerly The Merchants Cotton Co. Ltd.
Mount Royal Mill, Montreal, acquired by purchase in 1919.
Verdun Mill, Verdun, P.Q., equipped and started in 1920.
Colonial Bleachery, Montreal, formerly Colonial Bleaching & Printing Company, Limited.
Magog Cotton Mill, Magog Print Works, former Dominion Cotton Mills' mills.
Montmorency Mill, Montmorency Falls, Que., formerly The Montmorency Cotton Mills Co.
Sherbrooke Mill, Sherbrooke, Que., acquired by purchase in 1928.

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Buying agencies are maintained in Arkansas and Oklahoma for the purchase of a large proportion of the mills' requirements of raw cotton, while there is also an office in Manchester, England, for the purchasing of certain mill supplies, etc., not available in Canada. The Company maintains its own selling organization, and has sales offices in Montreal, Toronto, Hamilton, Winnipeg, and Vancouver.

In addition to a central warehouse in Montreal, there are branch warehouses in Toronto, Hamilton, Winnipeg, Edmonton, and Vancouver.

The Head Office is situated in Victoria Square, Montreal, and houses the central Executive and Administrative Departments, as well as providing two floors for the Selling Department, with show rooms to display the Company's products.

Despite the extent of its operations, the Company has kept down to the barest necessities in the way of executive, clerical staff, and all other forms of overhead expense. These economies have stood it in good stead, and put the Company in a position not only to pay steady dividends to its shareholders, but also to build up surplus and reserves. The value of these latter factors can be appreciated when it is realized that despite losses on manufacturing operations from March, 1929, onward, it was not until March, 1933, that the first cut was made in workers' wages, and then only 10 per cent., of which five per cent. was restored at the first opportunity.

The Company manufactures a very large range of yarns and fabrics, a large proportion of which are sold to other manufacturers and eventually appear to the public in the form of oilcloth, rubber footwear, mattresses, automobile tires, artificial leather, cotton clothing of all kinds, and many other articles.

The Company also produces the well known "Colonial" line of household cottons, comprising sheets, pillow cases, towels, etc., while its "Magog Fastest Prints" are equally well known for counter sale as cotton dress goods, etc., and help to carry the name of the Company from Atlantic to Pacific.

Empire Cotton Mills Limited

The Empire Cotton Mills Limited was established by the Woods Manufacturing Company in 1913 and operates a cotton mill with 26,000 spindles and 863 looms. The plant is located at Welland, Ontario, at a most advantageous point for distributing the Company's products, being served by four railway lines and by the Welland ship canal. The mill is an excellent type of modern construction and is equipped to specialize in the production of grey cottons, ducks, drills and denims.

Empire Cottons is an outstanding example of an industry equipped to produce certain specific products and to produce them efficiently and economically. During the years since its establishment, the Company has been in constant operation, producing heavy cotton goods of a type chiefly used for industrial purposes and for further manufacture. The success of the Company's policy of specialization is demonstrated by the fact that they now employ 900 employees. Necessarily this Company has readjusted its production in accord with changing consumer demands, but able management has directed the Company's operations to new products falling within the class of goods which this mill will most efficiently produce.

The management has always well in mind improvements for the betterment of operation, and the maintaining of a high standard of product. Automatic looms of the most up-to-date type are installed and the Company also operates a dyehouse for stock-dyeing and piece-dyeing its coloured cotton products.

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Goodyear Cotton Co. of Canada, Limited

This Company was incorporated March 13th, 1926, under the Dominion Companies Act. On April 1st, 1926, it purchased the assets, property and business of Canadian Manhasset Cotton Co. Ltd.

The Company's plant is located at St. Hyacinthe, Quebec, on six and one-half acres of land, the modern mill, of brick and cement, being equipped with 42,000 spindles.

The Head Office is located at St. Hyacinthe, Quebec, and the General Office at New Toronto, Ontario.

The Company is engaged in the manufacture of tire fabrics and yarns and has a contract to sell the entire output of the plant to its parent company, The Goodyear Tire & Rubber Company of Canada, Limited.

The Capital stock now consists of 5,250 shares of no par value common, all of which, except Directors' qualifying shares, are owned by the parent company, The Goodyear Tire & Rubber Company of Canada, Limited.

The Company employs 607 persons, most of whom are resident in the City of St. Hyacinthe.

The Hamilton Cotton Company, Limited

The Hamilton Cotton Company was established in 1880 by Mr. Jas. M. Young, whose father had been interested in the operation of a cotton mill at Dundas, Ontario, as early as 1850. In 1929 the Trent Cotton Company was established at Trenton, Ontario, as a subsidiary of the Hamilton Cotton Company, Limited.

The plant at Hamilton is fully equipped with spinning, weaving, bleaching, and dyeing machinery, for the production of cotton yarns, denims, and cottonades. In 1897, machinery was added for the production of cotton cordage used for such purposes as rope clothes lines, window sash cord, wrapping and sewing twines. Braiding machinery was then installed and the mill produced braided elastics in addition to yarns and woven goods. Since 1909 this mill has been a large purchaser of rubber thread and rayon yarns and has produced from these elastic and non-elastic webbings which enter into the manufacture of corsets, suspenders, garters and overalls.

The Trent Cotton Company, located at Trenton, Ontario, specializes on the production of cotton yarns which are not only used for further manufacturing in the parent plant in Hamilton, but are also sold to the hosiery and knitting trades.

Like most Canadian cotton mills, the Hamilton Cotton Company Limited is a complete unit, processing cotton from the raw cotton stage to the finished product, producing a wide range of goods, both for further manufacture in other industries, and in the form of finished consumer goods.

Up until 1928 the Hamilton Cotton Company was a private venture, and in that year it was incorporated as a public company.

On the death of Mr. James M. Young, founder of the plant, the management was taken over by his two sons, Mr. A. V. Young and Mr. James V. Young, who are respectively President and Vice-President.

At the present time, the company employs about 650 employees in its mills at Hamilton and Trenton.

Montreal Cottons, Limited

The Montreal Cottons, Limited is this year celebrating its Diamond Jubilee. This mill was established just sixty years ago at Valleyfield, Quebec. It was organized by a group of wholesale drygoods merchants of Montreal, and had as its first president, Sir Hugh Allan.

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The reason the mill was placed in the exact spot which was chosen was in order to utilize the water power available at that particular spot by installation of old-fashioned water wheels which were directly connected with the mill machinery. The mill itself is situated on a small island, and the inconvenience of the location became apparent as the need of expansion developed. Under modern conditions, of course, only the power plant would have been built where the power was available, and the power transmitted to where it was required.

The power site, which is one of the most valuable in the upper St. Lawrence Valley, was recently disposed of to the Beauharnois Light and Power Company, and now forms a part of the large power development scheme centering at Beauharnois. The Montreal Cotton Company is still supplied with 8,000 h.p., twenty-four hours a day, throughout the year, by the present owners.

The original mill forms a very small part of the huge organization which to-day covers many acres of ground and contains 3,500 looms and 160,000 spindles, together with bleaching, dyeing, and finishing equipment, to produce a wide range of both white and coloured goods. It is one of the largest cotton mill units of its kind in the world. During the past three years the plant has been completely overhauled, and a large amount of the very newest type of machinery has been installed.

This mill produces all classes of sateens, silicias, italians, and other types of linings and trimmings. Special fabrics and finishes have been developed to fit the particular needs of the men's clothing and general cutting up trade. The company also has specialized in furniture covering fabrics, and draperies ranging from heavy jacquard tapestries to the finest marquisettes. A large rayon department is now operating, and many cotton and rayon mixtures and all rayon cloths are being woven, including corset cloths, taffetas, and crepes. Other lines produced are ducks and drills, moleskins, plain and fancy wash dress goods, cheesecloths, and surgical gauzes. At full capacity, the mill can produce one million yards of cloth per week.

The company spins both cotton and rayon yarns for its own use and also sells large quantities of yarn to the Knitting, Weaving and Electrical goods Industries.

The Montreal Cottons Ltd. is essentially a fine goods mill and uses large quantities of Egyptian Cotton, the length of staple and fineness of which makes possible the production of goods of remarkable sheerness and beauty.

The Wabasso Cotton Company, Limited

The Wabasso Cotton Company was organized in 1907. Three Rivers, Quebec, was selected as a favourable location, due to its transportation facilities, water power supply, and availability of workers who could be trained as skilled employees. In order to provide for expansion, forty acres of land was purchased as an ideal location beside the river, and removed from the town itself. The most modern machinery was purchased in Great Britain, and highly skilled experts were employed to supervise the training of workers.

The name "Wabasso," which was chosen for the name of the company, means in the Ojibway Indian tongue, "The Snow White Rabbit." The trade mark of the company, which has since become widely known throughout Canada, reflects the name.

The company has a very complete plant for dyeing, printing, bleaching, and merchandising of the products which it produces, and has two important subsidiaries, the St. Maurice Valley Cotton Mills, located at Three Rivers, and Shawinigan Cotton Company, Limited, located at Shawinigan Falls.

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When the company began operations, only white goods were manufactured. These included sheetings, circular cottons, longcloths, madapolams, lawns, cambrics, nainsooks, and many others.

Besides the actual weaving of sheetings and pillow cottons, etc., Wabasso makes up these articles into finished products for Canadian housewives. As the demand for these superior fabrics grew, the company added coloured goods to their products.

Some of the products now featured by Wabasso are woven striped shirtings, plain and printed broadcloth for dress goods and shirtings, plain and printed voiles and piques, corset cloths, and grey cottons. The market for the company's products is ever expanding, in the hotel supply field and in institutional furnishings, such as schools, hospitals, etc., as well as in the domestic field.

Since its inception, one of the first principles and endeavours of the company has been the education of Canadian housewives to the value and use of Canadian textiles. This has been accomplished by the employment of women lecturers who arrange meetings of church auxiliaries, women's clubs, etc., and disseminate information concerning present and new uses for textile materials. Booklets are distributed by the company, as well as newspaper and publication advertising.

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PERSONAL GLIMPSES

This general review of the Primary Cotton Textile Industry is mainly concerned with facts and figures. Behind all of the statistics, however, whether they be dealing with employment, capital structure, production, or distribution, is the human factor. Business does not run itself, but is directed and guided to failure or success by the men entrusted with executive control. Whether policies be sound or unsound, whether dealings with customers or employees be fair or unfair, depends in the final analysis upon the decision of the men who direct these great enterprises.

From its beginning nearly a century ago, the cotton industry has attracted to itself many of the great business leaders of Canada, men who have achieved distinction in many other walks of life, political, philanthropic, and commercial. It has always had the advantage of sound, constructive leadership. The group of men who at present largely control its destiny are well worthy of those who have gone before them. This brief history of the growth and development of the industry in Canada would not be complete without some brief reference to those who are actively engaged at the present time in guiding it through the troubled waters of present day business conditions.

Mr. Walter S. Burrill

The President and General Manager of the Cosmos Imperial Mills, Limited, Hamilton, Ontario, Mr. Walter S. Burrill, was born in Yarmouth, Nova Scotia, and takes great pride in the fact that the duck used in the sails of that famous winning Nova Scotia schooner, the Bluenose, was made in his mills. He comes from a ship building and ship owning family in the days of sailing craft. "Yarmouth" brand sailcloth made in the plant at Yarmouth has been carried over the seven seas, and was in great demand in the sail lofts of ship building ports throughout the world in the old days.

In 1898, as a young man, Mr. Burrill realized that the day of wooden ships and spreading sails was passing, and was fortunate in securing a job in the shipping room of the Yarmouth Duck & Yarn Company. In 1901 he joined the staff of the Imperial Cotton Company Limited, at Hamilton, Ontario, whose mills commenced operations that year, where he remained for four years. In 1905 he went to New York with the J. Spencer Turner Company, who were sales agents for the Imperial Cotton Company and the Cosmos Cotton Company, which was a re-organization of the Yarmouth Duck & Yarn Company. Returning to Canada in 1909, he took charge of the sales offices of the Hamilton Cotton Company. In 1911 he was made local manager of the Imperial Cotton Company, as well as director of sales for both the Cosmos and Imperial mills. These two organizations were formed into one company in 1924, under the name of the Cosmos Imperial Mills, Limited. Two years later the control of this company, which had been previously held by the J. Spencer Turner Company, was taken over by Canadian interests. Mr. Burrill became vice-president. This year he was made president of the company.

Apart from his activities in the cotton industry, Mr. Burrill is an enthusiastic fisherman and a keen golfer. He was one of the originators, and is now a director of the Chedoke Golf Club, which operates a municipal golf course in Hamilton, having more than 700 members. It is to a considerable extent due to his interest and activity that the city of Hamilton is one of the pioneers in Canada to demonstrate that a municipal golf course can be made to pay its way.

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Dr. A. O. Dawson

Dr. A. O. Dawson, President of the Canadian Cottons, Limited, is the Dean of the cotton industry in Canada. This company operates seven mills in Ontario and the Maritime Provinces. As a young man, Mr. Dawson entered the employ of Mr. David Morrice, who had been associated with the cotton textile industry almost from its beginnnings. After graduating from High School, he started at the bottom of the ladder, with a job at $25.00 a month. His progress from his position of junior clerk to that of the Presidency of the company with which he was associated, was steady and uninterrupted.

For many years Dr. Dawson has been one of the most active members of the Montreal Board of Trade, and has been its President. He is a Director of the Bank of Montreal, and holds many other Directorships. He was one of the originators of the Canadian Chamber of Commerce, and is now President of that great national organization.

When last year Dr. Dawson was elected to that office, one of the Financial Journals, in telling the story of his life, said:

> "He is unaffectedly and whole-heartedly at one and the same time a level-headed business man and a sincere Christian whose philanthropic activities are nearer his heart than what he does for money. He brings his business sense to his work for his church, for the under-privileged, for the young men and for the general well-being of the community and the nation. But his business success is all the greater because he brings to it his interest in men, his desire to make things steadily better and to enlist sympathies of all concerned in making things better still."

In connection with his social and philanthropic activities, Dr. Dawson has taken active part in the Y.M.C.A., of which he is a director and of which he has been president. He has been for many years the most outstanding member and leader in the great St. James United Church, and he has given much time to the United Theological College, of which he is a Governor. He was given an Honorary Degree by the University of New Brunswick in recognition of his work for that institution.

Dr. Dawson is an enthusiastic fisherman, and when taking time off from his many activities, enjoys the outdoor life at his summer home in the Laurentians, or salmon fishing in New Brunswick.

Of recent years Dr. Dawson has left much of the detail work of his business to younger men, but is still to be found at his office every day bright and early, and looks forward to many more years of active service.

Mr. John Dodd

The steady expansion of the service rendered by the Dominion Textile Company to the cotton products consumers of Canada is in no small measure due to the genial and able sales manager who for so many years has directed the sales policies of that company. When, at the age of thirty-four, J. G. Dodd was appointed sales manager of Dominion Textile he was already a veteran in the merchandising of cotton goods, not only in Canada, but in the United States and Great Britain.

He was first engaged in the cotton goods department of W. R. Brock & Co., Toronto, wholesale drygoods dealers, and after acquiring considerable merchandising experience, entered the service of the J. Spencer Turner Co. of New York, manufacturers and merchants of all kinds of cotton, duck and sheetings. After several years in New York, he was appointed assistant manager of the company's

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English offices in London and in this capacity handled the export business of the company with Great Britain, the Continent, and British Dominions with the exception of Canada. While occupying this position he toured various parts of Great Britain and the Continent and during his stay in London became familiar with the closest and keenest form of textile merchandising in the world.

Mr. Dodd spent two years in London. He then made a survey of the Canadian market and shortly after was engaged by Dominion Textile Co. Ltd. to take charge of the Winnipeg office of the company where he spent three years. He came to Montreal in 1909 and was appointed sales manager of the Dominion Textile Co. Ltd., a position he has occupied for nearly 26 years.

Another distinction which testifies to Mr. Dodd's executive skill, proved ability and wide experience in the field of cotton goods merchandising, was his appointment to the board of directors of the Dominion Textile Co. Ltd. in 1933.

A noteworthy feature of Mr. Dodd's contact with the Canadian textile industry has been the human contact which he has maintained with his associates. He has always had a keen interest in sports and outdoor activities, and for four years has been president of the Hermitage Club at Magog, Quebec. For many years previous he was vice-president and chairman of the house committee, and actively responsible for the Club's golf-course now being one of the first-class courses in the Eastern Townships. This is a family country club which once utilized as a clubhouse one of the fine old stone houses for which the Eastern Townships are notable. This clubhouse having been destroyed, it was replaced by a most complete modern building, adjacent to which are the summer cottages of many Montreal business men. For many years Mr. Dodd has been the active leader in the sports and other outdoor activities of this institution, which is the playground of not only the men, but the women and children of its members.

Mr. G. Blair Gordon

The largest cotton manufacturing organization in Canada, the Dominion Textile Company, Limited, has at its head the youngest chief executive in the industry. Mr. G. Blair Gordon, son of Sir Charles Gordon, last year at the age of thirty-four, took over the position of Managing Director of this company.

The story of the Gordon family and the textile industry somewhat resembles that of some of the great British manufacturing organizations, in which active direction continues from generation to generation. Blair Gordon's grandfather, John Gordon, was associated with the textile industry in Canada from its very beginnings, about the middle of the last century. His father, Sir Charles Gordon, has played a large part in its development during the past forty years, so that the present Managing Director of the Dominion Textile Company is the third generation associated with this industry.

Mr. Blair Gordon graduated from McGill University, a Bachelor of Science, in 1922, and soon after entered the employment of the company as a machinist helper. During the suceeding ten years he learned the business, not from the vantage point of a swivel chair in a carpeted office, but amidst the clatter of machinery in the mills. From 1924 to 1927 he acted as assistant to the General Superintendent, who had charge of production. In this position he was concerned entirely with the highly technical problems of transforming the raw cotton as it is received from the cotton fields into finished goods for a hundred different purposes. In 1927 he became assistant to the General Manager, and while still retaining close contact with the company's mills, he also had to do with the purchasing of raw cotton and the many other commodities required by a great industry. This position also brought him in contact with the sales organization, and problems of distribution and finance. In taking over the position of

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Managing Director, he brings to the position a complete technical and general knowledge, together with executive capacity of the first order.

Mr. Gordon is a keen tennis player, and has acquitted himself well in his favourite sport in competition with the finest players in America. In his younger days, Mr. Gordon was somewhat of a hockey player. In this regard, an incident which happened during the period in which he was a worker in the mills gives a glimpse of his character. Each year the company arranges a dinner which is attended by the directors, executives, and higher officials from the manufacturing organization. Upon one occasion some years ago, the assembled guests noticed a vacant chair, and also noticed the absence of Mr. Blair Gordon. It transpired that on that evening the Dominion Textile Hockey team, made up of workers from the mills, was playing an important game. The boys from the mill needed his help, so the present Managing Director decided that on that particular evening he would wear a hockey sweater rather than a tuxedo, and do what he could to help win that game, which, by the way, he was largely instrumental in doing.

Mr. Gordon has brought something of that spirit of co-operation with his fellow-workers into the great organization of which he is now Managing Director. Unassuming, efficient, and with a broad outlook upon life, Mr. Blair Gordon is destined to play a large part in the industrial development of Canada.

Mr. R. G. Tolmie

There are few of the higher executives in the cotton industry who have had a broader experience in all branches of the business than R. G. Tolmie, General Manager of Canadian Cottons, Limited. Of Scotch ancestry, he possesses the attributes of thoroughness and tenacity of purpose which are characteristic of his race.

After graduating from high school and spending a little more than a year at the Montreal Office of Mr. John Turnbull, then Managing Director of the Paton Woollen Mills of Sherbrooke, Mr. Tolmie started his cotton career as costing clerk with the old Dominion Cotton Mills Company Limited, at Magog, Quebec, in 1896. Four years later he joined the staff of the newly organized Colonial Bleaching and Printing Company, whose mill was located at St. Henri, near Montreal. Remaining nine years with that company, he had a varied experience both in mill management and in the sale of the company's products.

In 1909 Mr. Tolmie became associated with the Mount Royal Spinning Company at Montreal, in the organization and as manager of their print works. This plant was later acquired by the Canadian Cottons, Limited, and Mr. Tolmie continued with the new owners. Each of these moves found him in a position of greater responsibility, so that his climb from costing clerk to general manager and a director of the second largest company in Canada is the best evidence of his all-round knowledge of the business, and outstanding executive capacity. His present position requires an intimate knowledge of the industry in all its branches, from the purchasing of raw cotton to the intimate details of both production and distribution of the great variety of fabrics and yarns which his company produces.

Mr Tolmie has always been active in athletic sports, from his early days when he captained the hockey team at Magog nearly forty years ago, to the present time when he is a director and active member of the Royal Montreal Curling Club. In the interval he played baseball and was a devotee of tobogganing when that sport was one of the main winter diversions of an earlier generation. His athletic career may perhaps be one of the reasons for a char-

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acteristic which distinguishes him from most modern business men. He does not drive a car. He believes in walking.

On the rare occasions on which he allows himself surcease from the strenuous labours of his position, he enjoys a few days' trout fishing in the lakes of the Laurentian Hills.

Mr. C. R. Whitehead

In 1866 one of the first cotton mills in Canada was established at Hastings, Ont., by W. J. Whitehead, father of C. R. Whitehead. In 1872 this business was transferred to Cornwall and located in what is now the Stormont Mill of Canadian Cottons, Ltd. Some years later, after a period of expansion and consolidation in the cotton industry, W. J. Whitehead became the manager of the Hochelaga Cotton Mills, retaining this post until his death in 1888.

Meanwhile, at sixteen years of age, C. R. Whitehead entered the cotton industry and when, in 1889, he was the principal in the formation of the Montmorency Cotton Company, he was only 21 years of age. So, thus early in life had he demonstrated his great capacity as an organizer and his abilities as an executive, which have been such outstanding characteristics of his subsequent career. A man of tremendous energy and strength of purpose, he has always reserved his energies wholly for his work and it has been rightly said of him that there has been no job in the mills under his control which he could not do, and which he could not show others how to do.

The Montmorency Cotton Company was established for the express purpose of manufacturing grey cottons for export to China and West Africa markets and this thriving export trade, which continued for some years at a value of more than a million dollars a year, caused a steady expansion of the company during the decade following its establishment. When in 1905 the Montmorency Company entered the Dominion Textile consolidation, C. R. Whitehead became a manager of the newly organized group of mills.

The manufacture of fine cotton goods had never been developed in Canada to any extent due to the mistaken idea that goods of such quality could not be produced here. It remained for a man of C. R. Whitehead's determined character and ability in the efficient operation of cotton mills to disprove this idea. In 1907 he was the principal in the establishment of The Wabasso Cotton Co. Ltd. at Three Rivers, P.Q., which has successfully produced goods of the very finest quality ever since it started. Mr. Whitehead is still the president, and takes an active interest in the business, although he has now turned over the active management of the company's business to his son, W. J. Whitehead.

Mr. W. J. Whitehead

The present Managing Director of The Wabasso Cotton Company Limited, Mr. W. J. Whitehead, like a number of other executives in the industry, holds the distinction of being the third generation of his family, in direct succession, to be engaged in cotton manufacturing in Canada. And while Canada has thus gained a capable executive with a wealth of personal and family experience in the cotton industry, the Empire has undoubtedly lost an able soldier.

After graduation from the Royal Military College and service overseas as an officer in the Royal Canadian Dragoons, Mr. Whitehead returned with his regiment to Canada with the rank of Captain in the permanent force. There is no doubt that a splendid career lay before him in the service, as he possesses just those qualities out of which good soldiers are made. However, there was ample scope for his energy and ability in carrying on the great business which

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his grandfather had established, and which his father had so successfully continued. He retired from the army in 1920 to enter industrial life.

In a typically thorough manner he entered the cotton industry, not as an executive, but as a factory employee, and during three or four years devoted himself to mastering the details of the cotton industry, both from the standpoint of production and distribution. In 1932 he took over the duties of managing director of the company, just at that period when not only the cotton industry but business in general was faced with many difficulties.

In the earlier days of the Wabasso Cotton Company, this mill had largely confined its production to bleached fabrics. Of more recent years the company has developed a very large coloured goods business. Under the management of Mr. W. J. Whitehead, this extension of the company's business into other lines has continued. New machinery has been installed, and there is every evidence that the energy and ability of his father and grandfather, in whose footsteps he follows, will continue to mark the management of this company for the third generation.

Mr. Allan V. Young

Mr. James V. Young

Three generations of the Young family have been interested in the operation of cotton mills in Canada. The grandfather of Mr. Allan V. Young, now President of the Hamilton Cotton Company, was instrumental in establishing a cotton mill at Dundas, Ontario, about the middle of the last century. The present mill at Hamilton was built in 1880 by his son, James M. Young, and continued until 1928 as a private family business, when it was incorporated as a public company. During this long period, this business had made steady progress, and given increasing employment to a large number of workers in Hamilton.

Associated with Allan V. Young is his brother, Mr. James V. Young, who is vice-president of the company. A very tragic event cut off the successful career of Mr. James M. Young, father of the two young men who now manage the business. Mr. James V. Young, who had gone overseas during the war, was severely injured at the second battle of Ypres. His father and mother, hastening to England to be with him, took passage on the ill-fated Lusitania, and both lost their lives in the sinking of that great vessel.

The two young men, however, had been thoroughly trained in the cotton industry. Mr. A. V. Young had received his technical education at the Philadelphia Textile School, and Mr. J. V. Young at the Institute of Technology at Boston. Both had had experience in all departments of the mill previous to rounding out their textile education by technical college training. After the tragic death of his father, and with his brother as a war casualty, the whole responsibility of managing this large business fell upon Mr. A. V. Young, at the age of 28. However, his practical training and executive ability enabled him to successfully take over and carry on the business.

Thanks to a physique built up by athletic training, Mr. J. V. Young, who had been a star football player for the Upper Canada College and also for the Royal Military College, and later on with the famous Hamilton Tigers, regained his health, and is now actively associated with his brother in the business.

It is an interesting fact that members of the fourth generation, although still young, spend their holidays in carrying on the family tradition of association with the cotton textile industry, and will doubtless play their part in the future in continuing the successful operations of this business, which is one of the oldest industrial establishments of its kind in Canada.

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CONCLUSION

The primary function of any industry is to render a service to the consumers of its products. In rendering that service, however, it must have regard to the interests of the workers engaged in the production of these products, and it must also provide a just and equitable return upon the capital of those who have invested in its securities. If in its operation an industry does not reasonably conform to these three requirements, it is not built upon a sound foundation.

The facts herein set out make it apparent that the Primary Cotton Textile Industry in Canada has reasonably met the requirements of these three basic postulates. In regard to its relation to the users of its products, the investigation by the Royal Commission was not as complete as might have been desired, but it is an interesting fact that no single complaint was heard before this Commission in regard to the distribution of cotton goods, although policies and practices in the distribution of many other commodities have been the subject of criticism and complaint. That the industry is mechanically efficient and is producing goods equal in quality to goods produced in any other part of the world cannot be questioned.

The relationship which has existed for many years between employers and employees has been harmonious, and it is reasonable to believe, satisfactory to the wage earners. Wages in the cotton textile industry in Canada have not been high wages, but they have not been low wages. In no part of the world is the production of cotton fabrics a high wage industry, and the industry in Canada must of necessity be influenced in its wage policy by that of its competitors. It is true, of course, that there is a measure of tariff protection afforded to the industry in Canada, but the direct and chief beneficiaries of this policy are the workers in the mills. It is a simple statement of fact to say that had any other policy been followed, either the industry in Canada would not be in existence, or if in existence, would of necessity be paying much lower wages.

The record of the profits accruing to the investors in the industry, not only during the period investigated by the Royal Commission, but throughout its whole history, is evidence of the fact that a fair division of profits has been made between the owners and workers. Its whole history has been characterized by the payment of moderate dividends to shareholders, and a sound financial policy.

Someone has said that "Comparisons are odious." There is a temptation in reviewing this industry to draw comparisons between it and other branches of trade or industry which have been recently investigated. Such comparisons might appear to be made in a spirit of self-righteousness. The Primary Cotton Textile Industry assumes no such position in pointing out that there has undoubtedly been exploitation of labour in Canada, resulting in the establishment of what are generally known as sweat shops. Investors in industrial enterprises have been the victims of financial promoters whose operations must receive general condemnation. In the distribution of commodities, a long list of unfair business practices has been revealed, such as price discrimination, special discounts and allowances, secret rebates, predatory price cutting, and other unethical practices. There have been cases where unwarranted profits have been made at the expense of labour or production or raw material. While there is general agreement that these conditions exist in some cases, the organization and general policies of the cotton industry revealed none of the abuses above referred to. There is no doubt that these conditions are the exceptions rather than the rule, and that Canadian industry in general has maintained a high standard of business ethics.

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There appears to be a growing conviction that industrial organization requires some re-adjustment, in view of the changes in social and economic conditions during recent years. While the Primary Cotton Textile Industry does not claim to be in any measure perfect, it is suggested that in type of organization and general policy it reasonably approaches that ideal which modern conditions make desirable. The industry is in the hands of men who fully appreciate their responsibility, who have done their part in the industrial development of Canada, and who will gladly adjust their organization and policies to new conditions which the interest of society as a whole may make necessary.

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Ottawa,
March 11, 1937.

Dear Mr. Sparks:

Thank you very much for your letter of 3rd with enclosure. I am most anxious to read the factum and expect to get it done before Tuesday evening.

Yours very truly,

Arthur Meighen.

Mr. R. P. Sparks,
140 Wellington St.,
Ottawa, Ont.

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R. P. SPARKS
TARIFF COUNSEL - DEPARTMENTAL AGENT
STATISTICAL SERVICE
VICTORIA BUILDING
140 WELLINGTON STREET
OTTAWA
CANADA

March 3, 1937.

Rt. Hon. Arthur Meighen, K.C., P.C., B.A.,

The Senate,

Ottawa, Ont.

Dear Senator Meighen,

As mentioned to you today, I am enclosing a copy of the Factum of the Dominion Textile Company, which today is being presented to the Turgeon Commission.

While it is not likely that this matter will come up in the Senate, the mis-representation of facts made by Mr. McRuer, Counsel to the Commission, has been so scandalous that I thought you might be interested in this Factum. I doubt if there has ever been as prejudiced and unfair a Royal Commission as this one, unless it be some of the performances under the Hepburn Government. Mr. McRuer seems to be of the same school of thought.

Keeping in mind the headlines which Mr. McRuer has been getting into the newspapers, this Factum is a demonstration of how inaccurate headlines can be in reflecting actual conditions.

Yours truly,

RPS/R.

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J. 1 – 82

IN THE MATTER OF:

THE ROYAL COMMISSION ON THE TEXTILE INDUSTRY

FACTUM

OF

DOMINION TEXTILE COMPANY, LIMITED

AIMÉ GEOFFRION, ESQ., K.C.,
MEREDITH, HOLDEN, HEWARD & HOLDEN,
Counsel for Dominion Textile Company, Limited.

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IN THE MATTER OF

THE ROYAL COMMISSION ON THE TEXTILE INDUSTRY

Factum

OF

Dominion Textile Company Limited

DIVISION I.

PRELIMINARY OBSERVATIONS

DOMINION TEXTILE COMPANY, LIMITED appreciates the privilege accorded to it to present to the Commission written submissions prepared on its behalf.

The submissions which it has the honour to present herein are put forward with two main objects in view,—

(a) to place before the Commission certain considerations which it is felt are of importance in the determination of the matters submitted to the Commission, and

(b) to meet certain criticisms which may be implied from the nature of the evidence sought to be adduced by Commission counsel, the course of examination adopted by them and the nature of the comments and remarks made by them during the hearings.

It is not intended in this submission to deal with the innumerable matters of detail arising during the taking of the testimony, or to deal with complaints made by witnesses in respect of isolated cases. It is submitted that these were disposed of when they were raised in the course of the evidence.

It is intended rather to call attention to certain more important considerations involved in the matters which are the subject of enquiry and to deal with certain important matters in respect of which criticism has been implied.

The Company and its counsel understand that they will have the right to make such other representations, either written or oral, as may seem necessary or useful.

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The more important conclusions which Dominion Textile Company, Limited seeks to establish in the present submission may be briefly summarized as follows:

(a) That notwithstanding good management throughout its history, the earnings of Dominion Textile Company, Limited in relation to its invested capital have been and are remarkably low having in view the risks attendant upon a manufacturing industry, and particularly upon a manufacturing industry of the character of the textile industry;

(b) That if the proper and more scientific method be adopted, namely, that of viewing earnings in relation to the value of the investment, the earnings of the Company have been and are entirely inadequate and do not represent a fair yield upon the value of the investment;

(c) That the profits of the Company upon its sales have been and are most moderate and in fact even low, and that the consumer has been treated fairly in that regard;

(d) That the Company has provided continuous extensive employment at rates of wages reasonable in relation to the type of work required, to economic conditions and to the rewards to capital and management, thereby contributing to the development of the country and in particular to the support of the smaller municipalities in which a number of its mills are situate; that the conditions of labour in its mills are better than average and are being constantly improved and that work assignments are reasonable, and that increased productivity due to improved methods and machinery has been matched by an equal increase in real wages; and

(e) That the suspension of operations of the rayon division of the Sherbrooke plant in January 1936 was of short duration and involved only about four hundred employees and not "over a thousand" as represented to the government; that the shutdown was, and was intended to be a temporary suspension of operations in the nature of a marking of time pending developments; that the decision to suspend operations was reasonable and one which a prudent administrator responsible for the manufacturing and selling operations of the Company was justified in making, was made as a result of considerations founded on the exigencies of the situation from the standpoint of manufacturing and selling and was in no way intended as a demonstration or threat against, or to embarrass the government; that no attempt was made by the management to use the shutdown for propaganda or similar purposes; that the Company took precautions to protect its employees against

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hardship arising from the suspension and resumed operations as quickly as circumstances warranted that move, and that the decision to resume operations was made and instructions to that effect were given on January 23rd and communicated to the employees and others on the following day, this decision being in no way related to the appointment of this Commission, which did not take place until January 27th.

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DIVISION II

RETURN ON INVESTMENT

1. Bearing of return on investment upon the question of tariff protection.

It is obvious that the return upon the investment in an industry is a most important element in the determination of the question of whether the protection afforded to that industry by a customs tariff is adequate, inadequate or excessive.

One of the main ultimate purposes of granting protection by means of a customs tariff is the creation of employment in the country establishing the tariff. It is elementary that in order to establish and maintain an industry which will provide such employment, capital must be obtained. In order to induce the investment of such capital, conditions must be such that the investor can expect the preservation of his investment and a reasonable return in the form of income from his investment. It follows, therefore, that the extent of the protection afforded to the industry must be such as will permit such preservation and such reasonable return.

The question of the extent of the protection to be afforded to an industry must, of course, be determined in relation to that industry as a whole, and not in relation to any one company alone. It is pertinent and useful, however, to discuss the question of the bearing of return on investment upon tariff protection in relation to the Dominion Textile Company, Limited, because (a) that Company and its subsidiaries constitute a large proportion of the textile industry, cotton and rayon, in Canada, and (b) the financial structure and history of Dominion Textile Company, Limited and its alleged earnings have been specially singled out for attack by Commission counsel in that connection.

The matter of return on investment may be looked at in two ways, namely, (a) the ratio of earnings to invested capital, and (b), the ratio of earnings to the value of the investment, and it is submitted that from both points of view the earnings of the Dominion Textile Company Limited have been and are low and, in fact, less than those whose capital is at stake would be entitled to expect.

2. Ratio of earnings of Dominion Textile Company Limited to invested capital.

(*a*) *History of the Company's capital structure.*

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In order to determine the amount of the invested capital, it is first necessary to review briefly the history of the Company from the point of view of its capital structure.

Dominion Textile Company Limited was incorporated in 1905 with a view to combining four textile companies then operating in Canada, namely, Dominion Cotton Mills Limited, Merchants Cotton Company Limited, Montmorency Cotton Mills Company and Colonial Bleaching & Printing Company Limited. The nature of the transaction by which Dominion Textile Company Limited acquired control of these companies can best be ascertained by an examination of Exhibit No. 512 "An Extract from the Minutes of the Meeting of Shareholders of Dominion Textile Company Limited held January 27th, 1905."

Exhibit No. 512

From this it will be seen that the Company received from a syndicate consisting of eighteen persons

(a) $500,000.00 in cash, for which the Company issued to the syndicate 5,000 shares of preferred stock at par, $100.00 each,
and,

(b) substantial majorities of the outstanding shares of each of the four constituent companies and $500,000.00 in cash, in consideration for which the Company issued to the syndicate $2,759,000.00 of the Company's 6% 20-Year Bonds, 12,222 preferred shares (par value $100.00 each) and 50,000 common shares (par value $100.00 each).

The shares of the constituent companies which were received at the outset by Dominion Textile Company, Limited from the syndicate were—

24,467 shares of the capital stock of Dominion Cotton Mills Limited, out of a total issue of 30,336 shares,

14,118 shares of the capital stock of Merchants Cotton Company Limited, out of a total issue of 15,000 shares,

9,693 shares of the capital stock of Montmorency Cotton Mills Company out of a total issue of 10,000 shares,

and

2,368 shares of the capital stock of Colonial Bleaching & Printing Company Limited out of a total issue of 3,000 shares.

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At later dates, Dominion Textile Company, Limited acquired the remaining outstanding shares of the four constituent companies and the physical assets of those companies were transferred to Dominion Textile Company, Limited.

Exhibit No. 1232, page 1,

An examination of page 1 of Exhibit No. 1232, "Statement as to securities issued upon acquisition of constituent companies", shows the net value of the tangible assets received by Dominion Textile Company, Limited as a result of the completed transaction, and shows also the amounts of bonds, preferred and common shares and cash issued or paid by Dominion Textile Company, Limited for the acquisition of these tangible assets and for the acquisition of the intangible assets which the Company also received as a result of the transaction. The cash just mentioned as being paid by the Company included $177,109.91, which represented additional consideration paid by the Company to certain minority shareholders who had not participated in the transaction at the outset.

It will be noted from page 1 of Exhibit No. 1232 that the last item on that page shows "Balance representing net tangible assets received in respect of $5,000,000.00 par value common stock issued—$2,594,721.81". It will be shown later that Dominion Textile Company, Limited received valuable consideration other than tangible assets, but (leaving aside for the moment that part of the consideration which consisted of intangibles) it will be seen from page 1 of Exhibit No. 1232 that the par value of the shares for the issue of which the Company did not receive tangible assets, (which shares Commission counsel has thought fit to designate as "watered stock") was $2,405,278.19 (i.e., $5,000,000.00 less $2,594,721.81, viz., $2,405,278.19) instead of $4,500,000.00 as frequently contended by Commission counsel during the hearings.

It is not proper, however, to take into account only the tangible assets in the form of plant, machinery, stock-in-trade, etc., represented by the shares of the constituent companies acquired by Dominion Textile Company, Limited, because that Company in fact received intangible assets which soon proved to be of considerable value.

These intangible assets consisted of services in negotiating the acquisition of the shares of the four constituent companies, the selling at par of the bonds and the preferred stock of the new Company, the benefit of unified management and control and of reductions in overhead expense, the elimination of excessive competition among the original companies and similar factors which though intangible are nevertheless of real value and importance.

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Intangibles are recognized by law and accepted in business as valid payment for stock. There is no reason why they should not be so recognized and accepted. If property is a good payment for stock, it is immaterial whether that property be corporeal or incorporeal. Services are also recognized and accepted as good payment for stock. The exact value of such intangibles cannot of course be ascertained, and in such case the well known principle applies, that in the absence of fraud the value put upon the property by the parties is decisive.

See,—

Re Dominion Combing Mills Ltd., Ontario Supreme Court, Appellate Division, Latchford C. J., Riddell, Masten, Orde and Fisher, JJ. A., 1930, 3 D.L.R., p.98.

Palmer's Company Law, Thirteenth Edition, p. 113.

Wegenast Canadian Companies, p.517.

In Re Wragg Limited (1897) 1 Ch., p.796.

In the transfer to Dominion Textile Company, Limited in 1905 the parties put a value on these intangibles represented by the difference between the total value of the intangibles and the total par value of the securities issued, that difference amounting to $2,405,278.19. That these intangible considerations were indeed worth at least the $2,405,278.19 above referred to is clearly to be inferred from the fact that the year after the merger the net earnings of the new Company available for dividends amounted to $279,562.60, or $117,594.85 in excess of the requirements for preferred dividends, and that in the following year the net earnings available for dividends amounted to $416,334.01, or $285,999.20 in excess of the requirements for preferred dividends. This improvement took place in the absence of any increase in tariff protection.

While it is clear that throughout its history the Company has enjoyed the benefit of good management, it is nevertheless a fair assumption to state that these improved earnings in the first and second years after the merger were made at a period before the good management could make its effects fully felt and that therefore the valuable consideration received by the Company for the bonds, preferred and common stock which it issued was at least equal to the par value of those bonds and shares.

It is entirely fallacious, both on the documents and on the

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facts, to contend, as has been contended before this Commission, that Dominion Textile Company Limited issued $5,000,000.00 par value of common stock for a consideration of $500,000.00 in cash. That is not the transaction evidenced by the documents, nor is it in accordance with the facts.

In summary the transaction was as follows:

Firstly: The Syndicate subscribed for $500,000. par value of preferred stock of the Company at par and paid $500,000. cash therefor.

Secondly: The Syndicate transferred to the Company—

24,467 Shares out of a total issue of 30,336 shares of the capital stock of Dominion Cotton Mills Limited;

14,118 Shares out of a total issue of 15,000 shares of the capital stock of Merchants Cotton Company Limited;

9,693 Shares out of a total issue of 10,000 shares of the capital stock of Montmorency Cotton Mills Company;

2,368 Shares out of a total issue of 3,000 shares of the capital stock of Colonial Bleaching & Printing Company Limited;

and paid to the Company the sum of $500,000. in cash, the whole in consideration of the Company issuing, allotting and delivering to the nominees of the Syndicate 12,222 preferred shares of the Company (in addition to the 5,000 preferred shares above mentioned), and $2,759,000. of the Company's 6% 20-Year Bonds, and to the syndicate or its nominees 50,000 shares ($5,000,000. par value) of the Company's common stock.

The transaction described under *Secondly* is one indivisible contract and cannot be split up. The syndicate transferred all it controlled, namely, the shares of the constituent companies, plus $500,000. in cash plus the intangible considerations, for the securities which they were obligated to deliver to their vendors plus 50,000 shares of common stock of the new Company.

The syndicate was fortunate enough to acquire from the shareholders of the old companies at less than their real value the shares which they turned over with other assets to the Company.

In this connection it should be pointed out that what the

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syndicate acquired consisted of shares of the old companies. These, therefore, had to be purchased from the shareholders of the old companies and not from the old companies themselves. It was, therefore, not a matter for corporate action on the part of the old companies, or of action by the boards of directors of the old companies, but a matter of private agreement between the syndicate and each of the selling shareholders. If members of the syndicate had personally owned a controlling interest in each of the old companies, it might be argued that the syndicate had sold out the minority shareholders, but it is clear from the records of the constituent companies that that is not the case. Only six members of the syndicate were shareholders of the constituent companies and the holdings of these members were very small. The combined holdings of all the members of the syndicate prior to the submission of the offers of purchase to the shareholders of the constituent companies amounted to only $174,800.00 out of a total capital outstanding of $5,837,800.00; that is, their holdings amounted to approximately 2.9% of the outstanding capital of the constituent companies.

Commission counsel, during the last day of the hearings, referred to certain minutes of the constituent companies which had been produced, and suggested that as the officers named in such minutes were members of the syndicate the syndicate was actually in control of the constituent companies before the offer was submitted to the individual shareholders of the old companies. The records, however, show that that is not the case. The minutes referred to were those of the formal meetings held subsequent to the assumption of control through the purchase of the majority stock ownership by the syndicate.

The reason why the syndicate was able to acquire from the shareholders of the old companies at less than their real value the shares which they turned over with other assets to the new Company is obvious from the evidence.

Exhibit No. 328, pages 4 and 5.

The four companies, operating independently, had got into financial difficulties. In three out of the four, namely, Merchants Cotton Company, Montmorency Cotton Mills Company and Colonial Bleaching & Printing Company Limited, the net working capital showed a deficit. The net working capital position of the four companies taken in the aggregate showed a deficit of $108,414.45. An attempt to bring in fresh capital by the issue of individual company securities had been unsuccessful.

The earnings and dividend record of the old companies

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The earnings and dividend record of the old companies

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had been unsatisfactory. On December 31st, 1904 Dominion Cotton Mills Company Limited showed an operating loss of $164,624.00 for the preceding ten months, the Merchants Cotton Company Limited a loss of $277,072.00 for the preceding twelve months, Montmorency Cotton Mills Company a loss of $148,265.00 for the preceding five months and Colonial Bleaching & Printing Company Limited a profit of only $477.00 in the preceding nine months.

Dominion Cotton Mills Limited had paid no dividend since 1902, Merchants Cotton Company Limited none for several years, Montmorency Cotton Mills Company only one payment of one per cent since 1901 and Colonial Bleaching & Printing Company Limited only one payment of six per cent since its incorporation in 1899.

Under the circumstances it is not astonishing that the shareholders of the four old companies were willing to part with their shares to the Syndicate at a sacrifice.

But this does not mean that the Company paid too much for the assets which it received from the Syndicate. In fact, the return on the assets which it received, immediately afterwards and throughout the Company's history, indicates that the assets, tangible and intangible, which the Company received had a value to the Company at least equal to the par value of the securities which it issued to acquire them.

Exhibit No. 1232, page 1.

Page 1 of Exhibit No. 1232 shows the book values in the constituent companies of the tangible assets received by Dominion Textile Company Limited. There is nothing to indicate that these tangible assets were not worth at least those book values and, as stated above, the new Company's earnings record immediately after the merger would indicate that they were worth considerably more in the hands of the new Company.

In addition, the new Company received valuable intangible consideration, which events have shown to be at least worth the difference between the book values of the tangible assets received and the total par value of the securities issued by the new Company in consideration therefor.

Evidence of L. W. Frick pages 7454 and following.

In 1920 a completely detailed appraisal, occupying four to five months, was made by the Canadian Appraisal Company Limited of the lands, buildings, plants and machinery of Dominion Textile Company, Limited. This appraisal indicated that the values of these assets exceeded the values shown on the books by $10,459,536.63.

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In December 1922 a new financing was undertaken in the form of the issue of 25,000 common shares of $100.00 par value each, at par, or a total consideration of $2,500,000.00, such shares being issued to the shareholders. This issue increased the total issue of the common stock to 75,000 shares.

Shortly thereafter, a new company was formed under the same name to take over the assets of the previous Company. The new Company issued 225,000 shares of no par value common stock, the holders of the 75,000 common shares of the old Company receiving three no par value shares in the new Company for each $100.00 par value share previously held.

Exhibit No. 1232, page 4

The values of the fixed assets on the books of the new Company were increased to reflect a part of the increased value of these assets indicated by the appraisal. The additional indicated values, as stated above, were $10,459,536.63. The write-up in 1923 amounted to $7,500,000.00, and a previous adjustment had been made in 1917 amounting to $2,337,219.03, so that of the total additional value indicated by the appraisal the part reflected by the increase in book value was $9,837,-219.03.

Exhibit No. 328, page 14.

In 1928 a further issue of 45,000 no par value common shares was made, these being sold to the shareholders at $75.00 per share and bringing in $3,375,000.00 in cash, this money being required to assist in financing the acquisition of plants in Sherbrooke and Drummondville. This issue brought the total number of outstanding no par value common shares to 270,000 common shares, the amount presently outstanding.

(*b*) *Ratio of earnings to invested capital.*

Exhibit No. 1232, page 3.

On page 3 of Exhibit No. 1232 will be found a "Statement as to invested capital and earnings thereon, as taken from the books of the Company and the answers to the questionnaire, and adjusted to eliminate consideration for common shares not represented by tangible assets". This statement covers the fiscal years of the Company ending on March 31st in each of the years from 1906 to 1936.

Exhibit No. 1232, page 2.

Page 2 of Exhibit No. 1232 indicates how the adjusted earnings shown on page 3 are arrived at.

An examination of page 3 shows that the average ratio of earnings to invested capital throughout the thirty-one year period amounted to only 9.12%. If there be excluded the four years 1916 to 1920, which were abnormal and in which all the Company's mills were working at a rate far beyond their normal capacity, the ratio of earnings to invested capital

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for the rest of the Company's life is found to be only 8.28%. It is also useful to consider the record in regard to the last ten fiscal years, (ending on March 31st, 1927, to 1936) as these comprised a period of five years (1927-1931) substantially all of which was a period of general prosperity and a period of five years (1932-1936) of the depression period. In the first five-year period (1927 to 1931) the earnings were at the rate of 9.61% of the invested capital. For the second five-year period (1932 to 1936) the earnings were at a rate of 4.84%. The average for the whole ten years was 7.23%. It will be noted that this rate of 7.23% is very little in excess of the rate of 6% which the Company had to pay for money which had been borrowed by means of bonds secured by first mortgage on its properties.

Page 3 of Exhibit No. 1232 also shows that in the year ending March 31st, 1936 the ratio of earnings to invested capital was only 5.55% and that in the previous year it was only 6.05%, and that in the year ending March 31st, 1933 there was a loss amounting to 3.35%.

It should be borne in mind that this statement on page 3, shows the ratio of earnings to invested capital, that is, the capital invested at cost, and not to the value of the investment.

It should also be remembered that this statement eliminates any consideration for common shares not represented by tangible assets, that is to say, it eliminates any intangible considerations for which shares may have been issued. As already pointed out, the intangibles acquired by the new Company were of real value. If their value be taken into account, whether it be the value placed upon them by the parties or another value, the ratio of earnings to invested capital in each year and the average for the ten-year period would of course be even lower than is shown in Exhibit No. 1232 (p.3).

Exhibit No. 1232, page 3.

It should be pointed out that in dealing with the capital investment, the amounts invested by the bondholders of the Company have not been taken into consideration, but only the amounts invested by the preferred and common shareholders. If the amounts invested by the bondholders had been taken into consideration, the ratios of earnings in relation to invested capital would have been even lower than those shown in Exhibit No. 1232, page 3. It will be shown later that in the consideration of the relation of earnings to invested capital it is quite proper to include the amounts invested in bonds as well as those invested in the various classes of shares, that is, that all classes of investments should be included.

Exhibit No. 1232, page 3.

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3. Ratio of earnings to value of investment.

It is submitted, however, that in order to determine whether the measure of protection given to an industry is adequate from the point of view of permitting that industry to make fair and reasonable earnings, the proper and scientific method is to consider such earnings in relation to the value of the investment at the time of the determination.

In the Order in Council providing for the appointment of this Commission is found the declaration that—

> " ..... it is essential that full and complete information
> " be available to the Government covering a period of
> " years with respect to costs, profits, wages, salaries and
> " bonuses, tariff protection, investment, volume of pro-
> " duction, and all other matters and things which to-
> " gether with information already available to the
> " Government will enable sound conclusions to be reached
> " regarding the position of this and other branches of the
> " textile industry in relation to British and foreign com-
> " petition, and in particular, the extent to which the
> " employer can reasonably and properly be expected to
> " maintain employment over periods of temporary diffi-
> " culty."

It is submitted that a proper interpretation of the instructions contained in that declaration, in so far as profits are concerned, is that the profits there contemplated are the profits or earnings of the Company in relation to the value of the investment.

That is the rule which has been generally approved and adopted by tribunals in establishing rates which public utilities and similar undertakings shall be entitled to charge.

> *Bluefield Water Works & Improvement Company vs. Public Service Commission of the State of West Virginia, et al., United States Supreme Court, No. 256, decided June 11, 1923, 262 U.S. Reports, p.679.*
>
> In this case it was held *inter alia* as follows:
>
> "1. .....
>
> "2. In estimating the value of the property of a
> " public utility corporation, as a basis for rate regulation,
> " evidence of present reproduction costs, less depreciation,
> " must be given consideration. P.689.
>
> "3. .....

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"4. Rates which are not sufficient to yield a reason-
" able return on the value of the property used, at the
" time it is being used to render the service of the utility
" to the public, are unjust, unreasonable and confiscatory;
" and their enforcement deprives the public utility com-
" pany of its property, in violation of the Fourteenth
" Amendment. P.690.

"5. A public utility is entitled to such rates as will
" permit it to earn a return on the value of the property it
" employs for the convenience of the public equal to that
" generally being made at the same time, and in the same
" region of the country, on investments in other business
" undertakings which are attended by corresponding risks
" and uncertainties; but it has no constitutional right to
" profits such as are realized or anticipated in highly pro-
" fitable enterprises or speculative ventures. P.692.

"6. The return should be reasonably sufficient to
" assure confidence in the financial soundness of the
" utility, and should be adequate, under efficient and
" economical management, to maintain its credit, and
" enable it to raise the money necessary for the proper dis-
" charge of its public duties. Id.

"7. .....

"8. ..... "

State of Missouri ex rel. Southwestern Bell Telephone Company vs. Public Service Commission of Missouri, et al., United States Supreme Court, No. 158, decided May 21, 1923. 262 U.S. Reports, p.276.

In this case it was held *inter alia* as follows:

"1. Rates fixed by state authority for a public
" utility corporation must be such as will yield a fair
" return upon the value of its property devoted to the
" public service. P.287.

"2. What will amount to a fair return cannot be
" ascertained by valuing the property as of past times
" without giving consideration to greatly increased costs
" of labor, supplies, etc., prevailing at the time of the in-
" vestigation. Id.

"3. An honest and intelligent forecast of probable
" future values is also essential, and this cannot be made
" if the highly important element of present costs be
" wholly disregarded. Id.

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"4. Rates admitting of a possible return of but " 5⅓%, in net profits after allowing for depreciation, on " the minimum value of the property of a telephone com- " pany, held wholly inadequate, considering the character " of the investment and the interest rates then prevailing. " P.288.

"5. ..... "

McCardle, et al., vs. Indianapolis Water Company, United States Supreme Court, No. 37, decided November 22, 1926, 272 U.S. Reports, p.400.

In this case it was held *inter alia* as follows:

"1. In determing the present value of the property " of a public utility for rate-making purposes, considera- " tion must be given to prices and wages prevailing at the " time of the investigation; and, in the light of all the cir- " cumstances, there must be an honest and intelligent " forecast as to probable price and wage levels during a " reasonable period in the immediate future. P.408.

"2. In every confiscation case, the future as well as " the present must be regarded. It must be determined " whether the rates complained of are yielding and will " yield, over and above the amounts required to pay " taxes and proper operating charges, a sum sufficient to " constitute just compensation for the use of the property " employed to furnish the service; that is, a reasonable " rate of return on the value of the property at the time of " the investigation and for a reasonable time in the im- " mediate future. P.408.

"3. It is well established that values of utility prop- " erties fluctuate, and that owners must bear the decline " and are entitled to the increase. P.410.

"4. The weight to be given to the original and pres- " ent costs of construction, and other items or classes of " evidence, is to be determined in the light of the facts of " the case in hand. P.410.

"5. In this case prices and values have so greatly " changed that the amount paid for land in the early years " of the enterprise and the cost of plant elements con- " structed prior to the great rise of prices due to the war " do not constitute any real indication of their value at the " present time. P.410.

"6. .....

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"7. .....

"8. The validity of rates fixed for a public utility " depends on property value as of the effective date of the " order and for a reasonable time thereafter. P.411.

"9. While the value of such properties do not vary " with frequent minor fluctuations in the prices of material " and labour required to produce them, they are affected " by and generally follow the relatively permanent levels " and trends of such prices. P.411.

"10. .....

"11. In valuing the property of a water works com- " pany for rate-making, the value of its water rights, " should be included, and likewise the "going concern " value" of the plant. P.413.

"12. .....

"13. .....

"14. .....

"15. Rates of yield on investments in bonds plus " brokerage are substantially less than the rate of return " required to constitute just compensation for the use " of properties in the public service. P. 419.

"16. .....

"17. ..... "

Re: City of Toronto and Toronto R. Co.

Judicial Committee of the Privy Council, Viscount Cave, Lord Dunedin, Lord Shaw, Lord Carson and Lord Blanesburgh.

October 24, 1924, (1924) 4 D.L.R., 1001.

"Upon an arbitration as to the value of a street rail- " way being expropriated by a municipality, a fair basis " of arriving at the value is to take the cost of reproduc- " tion as of the time of taking over and deduct therefrom " allowances for depreciation, including obsolescence, " obsoleteness and deterioration from whatsoever cause."

The Canada Southern Railway Company, The International Bridge Company, (1883) 8 Appeal Cases 723.

The Lord Chancellor (Earl of Selbourne) at page 731 and seq.,

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"That being so, it seems to their Lordships that it " would be a very extraordinary thing indeed, unless the " Legislature had expressly said so, to hold that the per- " sons using the bridge could claim a right to take the " whole accounts of the company, to dissect their capital " account, and to dissect their income account, to allow " this item and disallow that, and, after manipulating the " accounts in their own way, to ask a Court to say that the " persons who have projected such an undertaking as " this, who have encountered all the original risks of " executing it, who are still subject to the risks which from " natural and other causes every such undertaking is " subject to, and who may possibly, as in the case alluded " to by the learned Judge in the Court below, the case of " Tay Bridge, have the whole thing swept away in a " moment, are to be regarded as making unreasonable " charges, not because it is otherwise than fair for the " railway company using the bridge to pay those charges, " but because the bridge company gets a dividend which is " alleged to amount at the utmost, to 15 per cent. Their " Lordships can hardly characterise that argument as " anything less than preposterous."

Ex. p. Moncton T. E. & G. Co. Ltd.

New Brunswick Supreme Court, Appeal Division, Hazen, C. J., White and Grimmer JJ., June 17, 1927, (1927) 3 D.L.R., p. 1112.

Mr. Justice Grimmer, p.1118—

"It is now definitely settled following the judgment " in the Canada S.R. case, supra, and Re Mersey Docks " & Harbour Board (1920) 3 K.B. 223; Toronto v. Toronto " R. Co. (1924) 4 D.L.R. 1001; C. & G.T.R. Co. v. Well- " man (1892) 143 U.S. 339, and numerous other decisions " in the U.S. Courts that after ascertaining the value of " services the cost of reproducing the property used in " furnishing the service at present cost of labour and " materials less depreciation and not merely the original " cost of value of the property at some other date must be " considered and is the most satisfactory method of proof " of such value, and therefore should be the proper rule to " follow in fixing the rate base."

Re: Western Tolls, 19 Canadian Railway Cases, 43.

"The contention that rates should be made on the " basis of cost plus a fixed percentage to cover overhead or

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"That being so, it seems to their Lordships that it
" would be a very extraordinary thing indeed, unless the
" Legislature had expressly said so, to hold that the per-
" sons using the bridge could claim a right to take the
" whole accounts of the company, to dissect their capital
" account, and to dissect their income account, to allow
" this item and disallow that, and, after manipulating the
" accounts in their own way, to ask a Court to say that the
" persons who have projected such an undertaking as
" this, who have encountered all the original risks of
" executing it, who are still subject to the risks which from
" natural and other causes every such undertaking is
" subject to, and who may possibly, as in the case alluded
" to by the learned Judge in the Court below, the case of
" Tay Bridge, have the whole thing swept away in a
" moment, are to be regarded as making unreasonable
" charges, not because it is otherwise than fair for the
" railway company using the bridge to pay those charges,
" but because the bridge company gets a dividend which is
" alleged to amount at the utmost, to 15 per cent. Their
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" basis of cost plus a fixed percentage to cover overhead or

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" capital charges cannot be sustained nor can effect be
" given to contentions based upon results obtained by
" lines in the United States. It is in the public interest
" that railway tolls should be of such a character as to
" attract investment and render railway securities market-
" able. These tolls should be such as to give a fair return
" to the Railway Company independent of the reserves of
" liabilities of such company."

The principle enunciated and adopted in the foregoing cases in regard to public utilities, namely, the principle that rates fixed must be such as will yield a fair return upon the value of the investment at the time of determination, is applicable with even greater force in the consideration of earnings as an element in the determination of the extent of tariff protection. In the fixing of rates for a public utility it is usually a question only of doing what is necessary to safeguard the interests of an established utility and of the rate-paying public. In deciding, however, as to the sufficiency or insufficiency of tariff protection an additional factor enters into the question, namely, the encouragement of new investment in the industry concerned. Tariff protection is intended not only to ensure the survival of those already engaged in the industry, but also to procure the establishment of new undertakings in the industry, and such ventures must therefore be made reasonably attractive for capital. As, therefore, one of the purposes of tariff protection is to encourage the investment of capital, the tariff should offer such protection as will enable those proposing to invest new capital in the industry to obtain a fair rate of earnings on the amount of capital which is necessary, at that time, to purchase the assets, fixed and otherwise, required for carrying on the industry.

In applying, however, to the matter of tariff protection the principles adopted in regard to earnings of public utilities, it must be remembered that a fair rate of return for a public utility would not necessarily be a fair rate for an undertaking engaged in an industry requiring protection, such as the textile industry. A public utility usually operates in a non-competitive market. The textile manufacturer, however, must operate in a competitive market. In fact, one of the purposes of tariff protection is to encourage the establishment of new undertakings in the industry and this creates domestic competition. It is obvious that the existence of competition and the other hazards inherent in a manufacturing industry greatly increase the risks as compared with non-competitive public utilities. As the risks are greater than in the case of a public

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utility, the return on the value of the investment should therefore be higher.

In examining from the point of view of tariff protection into the earnings and investment of an industry already established, the earnings of that industry in the immediate past and at the time of examination and the probable earnings in the near future must be considered in relation to the value of the investment at the time of investigation.

It is obvious that it is the present value of the investment in a public service or in an industry which should be considered and not the cost thereof, when it is remembered that a rule must work both ways. If for instance, owing to mistakes in judgment or to market conditions or other causes, the value of a property representing an investment in a public service whose rates are to be established, or in an industry whose tariff protection is to be fixed, was worth less than that property cost at the outset, the company would not be entitled to a rate nor the industry to tariff protection based on the original cost.

It is immaterial that the value of the property representing the investment may have been increased beyond its original value by earnings ploughed back into the business or by natural increases in the values of such assets, or by both.

As regards earnings ploughed back into the business, it is obvious that these should be included in computing the value of the investment. If instead of reinvesting these earnings the Company had distributed them to the shareholders and had then added to the assets of the Company by the expenditure of an equivalent amount of money acquired by the issue of additional securities, the value given by such expenditure must of course be included in ascertaining the value of the Company's assets. There is no sound reason for distinguishing between moneys obtained from outside subscribers and those obtained by withholding them from the shareholders. Even if excessive earnings in the past had been ploughed back into the value of the property (and it is submitted that in the case of Dominion Textile Company, Limited the record shows clearly that the earnings have not been excessive — a point which will be discussed more fully at a later part of this factum), these earnings should not be excluded in determining the value of the investment. Tariff making is not a question of rewarding or punishing former investors in the industry for their administration. It is intended to permit and procure the establishment, continuation and development of industry and to give employment, and this logically and properly involves a reasonable return on the value of the investment.

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As regards natural increases in the value of the assets representing the investment, it is proper to take these into consideration as they form part of the value of the investment quite as much as any other element thereof.

The real value of the investment, however built up, must be determined as at the time of determination of the extent of protection to be afforded, and the reasonableness of the rate of return should be considered as at that time and for the future thereafter. If the other basis, that of the original cost of the investment, were used, it would mean that tariff protection might protect existing companies but not encourage the establishment of new ventures.

It is important therefore to consider the earnings of Dominion Textile Company, Limited in relation to the value of the investment in that Company, in order to ascertain whether these are low, adequate or excessive.

Exhibit No. 1232, page 5.

On page 5 of Exhibit No. 1232 is found a statement which shows the ratio of earnings to that part of the value of the investment represented by preferred and common shares, for the fiscal year ending on March 31st in each of the years 1920 to 1936. The value of the investment is arrived at by adding to the total invested capital in each year shown on page 3 of the exhibit that part of the increases in values indicated by the 1920 appraisal which was written into the book values. The part of the increases in values which was so written in amounted to $9,837,219.03, as has been previously mentioned herein.

It is not possible to deal with the matter from this point of view prior to 1920 as the appraisal which indicated the increases in values was not made until that year.

This statement shows that the average ratio of earnings to the value of the shareholders' investment during the seventeen years under review amounted to only 5.08%. In the last ten years of the period the average rate of return was only 4.75%, or considerably less than the interest rate on the bonds outstanding during that period. In the year ending March 31st, 1936 the ratio was only 3.59% and in the previous year it was only 3.95%.

It is submitted therefore that this statement establishes convincingly that the ratio of the earnings of Dominion Textile Company, Limited to the value of the investment of that Company has been throughout the period since 1920 and is now so low as to be entirely inadequate, having in view the risks inherent in manufacturing industries and particularly in the textile industry where the principal raw material (raw

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cotton) is subject to such wide fluctuations in market price. As a guide in regard to the sufficiency or insufficiency of tariff protection, these earnings indicate that the existing protection afforded the textile industry is not sufficient to ensure a fair yield.

4. MANAGEMENT.

It is of course recognized that in considering the return on invested capital, or in the more scientific consideration of the return on the value of the investment, regard must also be had to the question of whether the company or the industry under consideration has been properly managed. It would not be proper, of course, to accord an increased rate of tariff protection to a company or an industry as a result of the small return yielded by the industry if the smallness of that return were due to inefficient management of the company or the industry. In other words, it is submitted that the proper rule is to afford an industry such measure of tariff protection as will permit that industry under prudent management to earn a fair return on the value of the assets represented by its investment.

Evidence, pages 12846 and 12859(f)

In considering that rule in connection with Dominion Textile Company, Limited, it is hardly necessary to deal with the matter of its management at any length, as it is submitted that it has been conceded by all concerned that the Company has been and in particular is being prudently and economically managed.

In touching on this subject, however, it is of interest to note certain significant indications of the efficiency of the management of the Company.

Exhibit No. 1230

Exhibit No. 1230, dealing with the distribution of the sales dollar for the five-year periods 1927 to 1931 and 1932 to 1936 and for the ten-year period 1927 to 1936 and for each separate year in that ten-year period, establishes that the expenses of administration constitute a remarkably small proportion of the amount of the sales. The average for the ten-year period is 1.04 cts. in each dollar of sales. An equally remarkable record is shown in regard to selling charges, which constitute only 1.74 cts. in each dollar of sales. Throughout the same ten-year period the amounts expended out of each sales dollar for materials was 43.82 cts., for mill wages 26.79 cts. and for working expenses (this latter item comprising power, fuel, water rentals, lighting, supplies other than materials and numerous similar items) 10.53 cts. When the total expenditure in each dollar for selling and administration, amounting

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in all to 2.78 cts., is contrasted with the total expenditure in each dollar for materials, mill wages and working expenses of 81.14 cts., there is found a remarkable indication of sound management.

5. Earnings from the point of view of tariff protection.

Exhibit No. 1232

To sum up, therefore, it is submitted that the statements contained in Exhibit No. 1232 and the evidence of Mr. Glassco in regard thereto establish convincingly that notwithstanding good management throughout its history, the earnings of Dominion Textile Company, Limited in relation to its invested capital (even excluding from consideration the invested capital represented by its bonds) have been remarkably low, and that if the proper and more scientific method is adopted, namely, that of viewing the Company's earnings in relation to the value of its investment, its earnings have been entirely inadequate. This state of affairs indicates that the protection afforded to the textile industry has not been and is not sufficient to ensure to that industry a fair yield on its investment, having in view the risks involved.

6. Certain propositions in regard to earnings advanced by Commission counsel and witnesses.

Exhibit No. 917 and Evidence.

Commission counsel on frequent occasions during the hearings advanced the proposition that all that the Company had received for its original issue of $5,000,000.00 par value of common stock was $500,000.00 in cash. Based on this erroneous premise, Commission counsel made certain calculations intended to show exorbitant profits earned in relation to this amount of cash. This theory they sought to support by statements relating to Dominion Textile Company, Limited contained in the Commission auditor's Exhibit No. 917 and by the evidence given in that connection by that witness.

It is emphatically submitted on behalf of the Company that the contentions so advanced by Commission counsel and the statements prepared and the evidence given by the Commission auditor should be disregarded, first, because the premises are false, secondly, because the contentions are based on erroneous principles, and thirdly, because the questions put to that witness indicate that it is intended to draw from his statements and his evidence inferences which are even more erroneous.

In the first place, the premises are false because as has been

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shown it is not a fact that all that the Company received in respect of its original issue of common stock was $500,000.00. As has been stated above, the statement on page 1 of Exhibit No. 1232 establishes that the net tangible assets received in respect of the original $5,000,000.00 of common stock issued, amounted to $2,594,721.81. The Commission auditor attempted to ignore the difference between this figure and the $500,000.00 cash on which he based his calculations by giving two reasons.

Exhibit No. 1232, page 1

His first reason was that the Company had admitted that it should not be taken into consideration by writing off the values placed upon these additional assets. That reason is now proved to be erroneous, as it has been shown by Mr. Glassco that the Company did not write off these values.

Evidence, page 13747.

The second reason that he gave was that the fact that the shareholders of the constituent companies accepted less than the book values is an indication that the properties of the constituent companies were worth less than their book values. This suggestion is obviously untenable. As a result of competition, and perhaps of bad management and other causes, the constituent companies were faring badly. A syndicate with money in its hands to finance a new company approached the shareholders of the constituent companies, and it is quite natural that under the circumstances these shareholders would sell their shares at less than the values lying behind them.

The immediate favourable results of the merger, before improved management could have made itself felt, confirm the view that the book value of the assets was, to say the least, not excessive. That the book values of the assets of the four constituent companies are fair and accurate must at least be assumed until the contrary has been proved, and the contrary has certainly not been proved.

In the second place, it is absolutely unjustifiable for any purpose for which this Commission has been constituted to take the cash contribution made in 1905 by one group of holders of common stock and ignore their other contributions and to figure out the percentage of dividends that those shareholders would have received in respect of that cash contribution even supposing they had retained their investment.

Even assuming it to be correct that all that the Company received for the original common stock issue was $500,000.00 (which it has been shown was not the case), it is clear that if the cash investment in common stock is in any way material, the shareholders that came in later and paid more for their

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stock have as much right to be considered as those who came in early who were pioneers and who, according to the rule applicable to all successful ventures, should pay much less because they take much greater risk.

It is equally fallacious to average all the dividends or earnings on the common stock and to pro-rate them against all the cash investments. Earnings must be divided among the shareholders not according to what each group paid for its shares, but according to the number of shares held. This method of calculating dividends or earnings against cash investments, whether restricted to the original shareholders or extended to all the shareholders, is therefore unfair. The impossibility and unfairness of pro-rating the earnings on a cash basis is one of the many reasons why that basis should be ignored.

This fallacious method of calculation also overlooks the fact that shares change hands frequently, and the profit that any original shareholder who kept his shares may have made or that one who did not keep his shares would have made if he had kept them is quite immaterial.

Another obvious fallacy of the proposition sought to be put forward by Commission counsel in regard to earnings is that it takes into consideration only the earnings of the holders of the common stock, or in fact of the original common stock. Even if the facts in regard to the ratio of earnings of the original common stockholders to their investment which Commission counsel sought to establish were correct, (which has been shown not to be the case), these facts would be quite immaterial. It is the earnings of the Company as a whole which are material, looked at either in relation to the total capital invested, or more properly in relation to the value of the investment, and not the earnings of one class of stock or of any particular group of the holders of that stock.

It is absurd for any purpose of this enquiry to attempt to point to the profits alleged to have been made by the holders of one class of stock, or the holders of one part of that class, as a guage of the earnings of an industry or of a particular company. Capital structures vary from company to company and from time to time. Some of the capital may be in the form of bonds at a low rate of interest and a greater measure of security, some in the form of preferred stock with higher revenues and a smaller measure of security and some in the form of common stock with the greater measure of risk involved therein and the corresponding prospect of higher income. Internal arrangements arising from the capital structure of a company respect-

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ing the sharing of its earnings between the various joint investors in that company do not affect the amount of the profits or earnings and are not material to any determination for which this Commission has been appointed.

The fallacy of attempting to use the alleged earnings on the common stock, or on a portion thereof, or the alleged profits made by the common stockholders, or any group of them, is evident when it is pointed out that if this were a suitable method of measuring earnings as a guide to the measure of protection to be afforded, then it would be necessary to classify the companies engaged in an industry in accordance with the various types of capital structure of these companies, looked at from the point of view of the distribution of the capital investment as between bonds, debentures and the various classes of preferred and common stock, and then to devise a separate customs tariff for each class of company. The fallacy of such an attempt need not be further emphasized.

The only earnings which should be considered for the purposes of this enquiry are earnings of the Company as a whole in relation to the investment. That it is submitted, is the purpose of the Order in Council (P.C.223), as clearly indicated by the paragraph thereof which has already been quoted, dealing with profits and investments. The "profits" and "investment" referred to in that paragraph must necessarily mean the profits of a company and the investment therein. Any other interpretation would be so unscientific from the point of view of the purposes of this enquiry as to be worthless.

In calculating the amount of the capital invested it is, of course, necessary (as has been pointed out) to include therein earnings or profits which have been left in the business by the shareholders instead of being distributed. This is apparently admitted in part by the Commission auditor in his evidence, but he attempts to make an extraordinary distinction between those profits which were left in the business and shown in the profit and loss account and those profits which he suggests were "hidden profits" as being overcharges for depreciation or betterments charged to repairs. It is submitted that there is absolutely no ground for such a distinction. If there were any "hidden profits" in the shape of over-depreciation or betterments charged to repairs (which is not admitted), these profits were certainly not distributed. If they were not distributed they were left in the business. If they were left in the business they increased the value of the investment. The Commission auditor's excuse for not taking into consideration in calculating the value of the investment the alleged earnings due to over-

Evidence. Pages 12810 and following.

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depreciation and charges of betterments to repairs was that the Company made no such entries in its books. On the other hand, he has no hesitation despite the lack of such entries in including the alleged surplus values supposed to have been created in this way in the earned profits of the Company, for

Exhibit No. 917, page 7.

on page 7 of the statement headed "Summary of Operations 1905 to 1936", Exhibit No. 917, he includes these alleged surplus values to the extent of $17,265,728.17 in the so-called earned profits. The fallacy of such an attempted distinction is manifest.

The attempt, however, to establish the contention that there were $17,265,728.17 of "approximate surplus values in plant provided by over-depreciation and excessive charges to operations for equipment, repairs, etc.,", failed completely.

It will be noted that in endeavouring to establish this figure the Commission auditor did so by taking the difference between the net book value on the cost basis of the fixed assets and the approximate present depreciated value of the fixed assets taken from an insurance appraisal (page 7, Exhibit No. 917).

Exhibit No. 917, page 7.

It should be mentioned in passing that there is no justification for taking as the real value of the fixed assets an insurance appraisal made for a particular purpose by insurance underwriters, that is to say, for the purpose of establishing the maximum value to which the fixed assets could be insured. Mr. Glassco in his evidence has pointed out the relative casualness of such an insurance appraisal as compared with the appraisal made by the Canadian Appraisal Company Limited in 1920 and the danger of trying to rely upon such an insurance appraisal as a basis for establishing the real present value of the assets appraised.

Evidence, pages 13793 and 13833 and following.

Even assuming however, that the Commission auditor was proceeding on a satisfactory basis in using the values shown by an insurance appraisal, there is nothing to establish that the surplus values shown by such an appraisal, as compared with the net book value on cost basis, are the result of over-depreciation or charges of betterments to repairs.

In the first place, Mr. Glassco established that up to 1920 there had been, if anything, a very small under-depreciation, and he stated that he could not say whether there has been any over-depreciation between 1920 and the present time. He pointed out, however, in this connection that during the period from 1920 onwards the Company never wrote off for depreciation more than was permitted by the income tax authorities.

Evidence, pages 13765 and following and 13789 and following.

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Evidence, pages 13766, 13840 and following.

They wrote off only about 1.8% on the cost of buildings and approximately 6% on machinery. These percentage figures were applied to the original cost and not to the written up figures.

Evidence, page 12851.

In the second place, there has been no proof that betterments have been charged to repairs. The Commission auditor admitted that he had "no idea" what amount of the $17,265,728.17 consisted of betterments charged to repairs.

Evidence, pages 12855 and following.

In the third place, the Commission auditor under cross-examination admitted that the figure of $17,265,728.17 could and might contain several elements other than over-depreciation and charges of betterments to repairs, such as the natural increase in the value of lands over the period of thirty-one years, the natural increase in the value of buildings during that period and natural increases in the values of machinery and equipment. That the market values of lands, buildings, machinery and equipment have greatly increased between 1906 and the present time is a matter of common knowledge. An example of the extent of such increase is found in the evidence given by Mr. Glassco which shows that between the years 1915 and 1920 the average cost of building a cotton mill and equipping it with machinery, reduced to a per spindle basis, increased from $27.28 to $73.05, and that representative machinery prices at current values each year rose from $4,193.00 in 1910 to $8,998.00 in 1920. The rise during that period in mills, machinery and buildings appears to have been approximately one hundred per cent in the replacement values.

Evidence, page 13761.

Evidence, page 12859. a.

Of the five elements which the Commission auditor admitted might be comprised in the figure of $17,265,728.17 he was unable to state how much was attributable to over-depreciation, how much was attributable to betterments charged to repairs, how much was attributable to natural increase in the value of lands, how much was attributable to the natural increase in the value of buildings, nor how much to the increase in market values of machinery and equipment. Five elements were admitted as possible and each of them was stated by the Commission auditor to be an unknown quantity. No satisfactory explanation was given by him of his failure to mention in his description of this figure of $17,265,728.17 only two of the possible five elements of which it might have been composed.

Not only, therefore, was there no justification for indicating that $17,265,728.17 of the value of the assets resulted from over-depreciation and excessive charges to operations for equipment and repairs, but there is no evidence that these

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Evidence, page 13761.

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things were done.

It is necessary also to call attèntion to another clear contradiction in the Commission auditor's report. On page 12 of Exhibit No. 917, in arriving at the capital employed in manufacturing operations, he takes first the capital employed in manufacturing operations as per the books of the Company and then he deducts in each year **$12,000,000.00**, stated by him to be inflation in book values of the fixed assets. On page 7 of his report, however, the Commission auditor contends that the fixed assets of the Company are undervalued on their books by $17,265,728.17 and adopts this figure for the purpose of adding to the alleged "earned profits", but on page 12, as stated above, he apparently contends that the property is overvalued by **$12,000,000.00**. If he were right in his statement on page 7, then instead of deducting **$12,000,000.00** on page 12 he should add **$5,000,000.00**. This he has admitted in evidence. It is submitted that neither the statement on page 7 nor that on page 12 is correct, that neither establishes what it purports to show and that each of these statements is misleading and useless for the purposes of this enquiry.

Exhibit No. 917 page 12.

Evidence, pages 12810 and following.

It should also be pointed out, although the point is not of fundamental importance, that the so-called "free reserves" amounting to **$2,179,473.67** are improperly included by the Commission auditor in the total earnings applicable to common stock appearing on page 7 of Exhibit No. 917. These so-called "free reserves" are amounts which a wise directorate has set aside to take care of contingencies which business experience shows are likely to happen, and when such contingencies happen the funds so set aside will disappear. The wisdom of making such reserves is not challenged. The fact that at any particular moment the whole or any part of the reserves so set aside has not been utilized does not mean that the funds so set aside can be properly considered as earnings or profits. In order to meet the Commission auditor upon his own ground in this respect, Mr. Glassco, on page 2 of Exhibit No. 1232, added to the net earnings available for dividends the amount of these so-called "free reserves", but he indicated that he was not prepared to admit the propriety of so doing.

Exhibit No. 917, page 7

Exhibit No. 1232, page 2.

Evidence, page 13752.

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DIVISION III

EARNINGS OF INVESTORS IN RELATION TO SALES

An important factor from the point of view of the consumer and one which has a bearing upon the sufficiency or otherwise of tariff protection, is the proportion of the sale price of the goods which represents earnings available for the investor. The situation in this regard in the last ten years is fully dealt with in Exhibit No. 1230 showing the distribution of the sales dollar in each of the years 1927 to 1936 in respect of Dominion Textile Company, Limited, and also for the five-year period 1927 to 1931 as a whole and the five-year period 1932 to 1936 as a whole, and for the ten-year period 1927 to 1936 as a whole. An examination of this exhibit is enlightening. It will be noted that in the first five-year period, 1927 to 1931, viewed as a whole, the part of each sales dollar available for common stock amounted to 6.54 cts. Adding to this the part of the sales dollar used for preferred stock dividends, namely, .73 cts. we find that an amount of only 7.27 cts. in each sales dollar was available as a return upon the entire stock interest consisting of preferred and common shares. This period, it will be remembered, was for the most part a period of great prosperity. In the five-year period, 1932 to 1936, viewed as a whole, the portion of the sales dollar available for the common stock equity was 4.3 cts. and the preferred dividends amounted to .88 cts., so that the part of the sales dollar which was available for the entire stock interest during this period was only 5.18 cts. In the ten-year period viewed as a whole, only 5.52 cts. of the sales dollar was available for the common stock equity and only .80 cts. was used for preferred dividends, making a total of 6.32 cts. in each sales dollar available for the entire stock interest. In the year 1936 only 3.23 cts. of the sales dollar was available as a return on the common stock equity and only .74 cts. was paid out in preferred dividends, a total of only 3.87 cts. in each sales dollar in respect of the entire stock interest. In the year 1933 it will be noted that after payment of only 1.22 cts. on each sales dollar as preferred dividends there was nothing left as a return on the common stock and in fact there was a deficit of .09 cts.

Exhibit No. 1230

Surely the record established by Exhibit No. 1230 shows that the Company's profits on its sales have been and are most moderate and in fact even low, and that the consumer has been treated fairly in this regard.

In this connection it should be borne in mind that the

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sales dollar represents the price at which the goods are sold by the Company to the wholesaler or retailer, or someone else who re-sells to the consumer. Even if the manufacturer could be asked to cut down the already small margin of profit shown by this exhibit, it does not necessarily follow that the middle-man would pass on any part of the small decrease in price in re-selling the goods.

Exhibit No. 917, page 11.

In dealing with the distribution of the sales dollar it should be pointed out that the manner in which the statement prepared by the Commission auditor entitled "Memo re Profits 1927 to 1936 inclusive", contained on page 11 of Exhibit No. 917, is set up is misleading. The fourth item on that statement is headed "Net trading profit available for disposition" and immediately thereunder is an item "Percentage of sales". It is to be noted, however, that that trading profit is not available for distribution to the stockholders as owners of the business, because in the second part of the statement it is found that out of this so-called "trading profit" and any other revenues which the Company may have, must be paid such items of expense as bond interest, income taxes, loss or reserve on investments, amortization of bonds and discount, Sherbrooke Housing Company loss, premium on bonds redeemed and special depreciation re Kingston plant. The impression likely to be created by a statement drawn up in this manner is fallacious and unfair.

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DIVISION IV

LABOUR CONDITIONS, WORK LOADS, WAGES, ETC.

SECTION 1.

GENERAL SUBMISSIONS

In dealing with the labour policies of the Company it must be recalled that its operations are being carried on within the framework of the present economic system, and it must be assumed that the Commission accepts the principles of that system. Whether conditions would be better or worse under any other system is not pertinent to the present inquiry.

Under our system labour is remunerated for its services by the payment of wages. To explain what determines the amount or rate of wages is a very complex economic problem. No single rule or formula can cover the entire situation. Wages are the resultant of the interaction of a great number of circumstances and forces. There are different grades of workers and many varieties of industries. It is therefore impossible to conceive of a general rate of wages or an all-embracing theory of wages. The individuality of wage rates in different industries and the independence of their relative movements indicate that factors peculiar to each industry constitute a major consideration in the determination of its wage rates.

While industry must appreciate the fact that in employing labour it is dealing with human beings and not with machinery or raw materials, it must also face the fact that wages are an important element in the cost of production. Industry can only bear the cost of wages if it is able to recover it from the sale of its product. If it fails to do so it may be driven into bankruptcy and its demand for labour may disappear. It follows, therefore, that labour, in order to be employed, must earn its own cost by the contribution it makes to the product of the industry. It is this contribution which sets a limit to the wage that industry can pay.

As productivity increases and the volume of goods and services becomes greater, there is more to be shared and the possibility of higher wages arises. But the volume of production is not determined by labour alone. It depends upon the quantity and quality of a number of agents, including naturall resources, labour, capital, management and the demand for the product. The product of industry is a joint

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result in which all these agents play a part, and the reward of one agent is therefore dependent not only on its own part but on the contribution of the others. Greater efficiency resulting in a greater productivity makes possible greater rewards and improved conditions of employment.

It is essential to bear in mind this fact, that in modern industry labour does not work alone; it forms part of a productive organization. If, as part of a productive organization, the ordinary worker adds considerably to the market values produced, the return to labour will be high. This, in turn, will be largely determined by the relative plenty or scarcity of the various agents of production. In other words, if the supply of labour, relative to capital and natural resources, is small, wages will tend to be high, and vice versa.

Another factor will influence the rewards of the agents of production. While these co-operate in the process of production, they are not necessarily complementary. In fact there is competition between some of these agents in the field of employment. We have only to mention labour and labour-saving machinery. Industry must consider the relative efficiency and cost of these two agents when it organizes the factors of production.

Labour's share in the rewards of industry is influenced not only by the relative plenty or scarcity of the different agents of production, but also by the relative plenty or scarcity of the different kinds of labour. This in part accounts for differences in the levels of earnings of different kinds of groups of labour. Facts and circumstances entering into the determination of the wages of one kind of labour may not affect the level of earnings of another. These facts include differences in natural ability and skill and the correspondingly stronger bargaining power of the more skilled and, therefore, less numerous workers. If the number of any group of wage-earners is low relative to the addition made by this group to the production of market values, their wages will be high, and vice versa. The determination of their wage level is an independent process.

The foregoing facts and principles governing the determination of wages point to the complexity of the problem. Industry producing goods which must be sold at a price adequate to meet costs of production and to yield a reasonable return on investment is compelled to consider all these facts, as well as such important factors as domestic and foreign competition, the nature and extent of the market, the relationship of wages to other costs, and wage levels in other industries.

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If it is to operate at a profit it must adjust its controllable costs accordingly. In this connection it should be noted that there is no fixed demand for a certain definite number of workers of any particular kind: the demand varies with the cost of the workers. If such cost becomes uneconomically high the numbers of workers will be decreased. On the other hand, if the efficiency of the workers leads to a greater productivity and to a greater return to industry, there is room for higher wages.

In examining the wage policy of the Company in the light of the foregoing, it is important to note that it is operating an industry in which there is no scarcity of labour and which does not require a large proportion of highly skilled workers. Furthermore, mill wages form the second largest item in its costs of production and are the largest controllable element in such costs. It follows that during the period of business depression marked by declining earnings, some downward adjustment of wage costs was essential.

The sound economic basis of the Company's wage and labour policies is established by the evidence which showed:

(1) That it was able to provide continuous employment during the depression;

(2) That it constantly maintained a high level of efficiency by introducing the most modern methods and machinery, thereby increasing the productivity of the workers and the earnings of skilled labour;

(3) That the "average real wage per employee hour" rose in proportion as the productivity of the worker increased, labour thereby sharing in the increased production of wealth;

(4) That the rewards of the other agents of production, including capital and management, were not unreasonable or disproportionate on the basis of economic principles.

There is one other general principle which should be considered before the evidence is discussed in detail, namely: the effect of tariff protection with regard to labour employed in a protected industry.

The fact that an industry is granted tariff protection is not a reason for which employees in that industry should be

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paid upon a higher level than other comparable groups. The primary purpose of a tariff is to permit the establishment within a country of an industry otherwise unable to exist. The object is not to favour one group of employees any more than one group of employers, by permitting such group to enjoy a favoured and uneconomic position within the country. The purpose is to provide additional employment at a scale of wages in accordance with the level of economic development in the country, as well as to round out its industrial activity.

If the imposition of a tariff was for the purpose of raising the wage level above the average in similar or other industries, then such tariff would not be necessary. The tariff is imposed merely to make possible the establishment of an efficient and well managed industry on an equitable basis as compared with domestic industry and foreign competition. This means that it is intended to enable the domestic industry, which is being granted protection, to employ labour at what approximates the normal wage, having regard to economic conditions in the country.

SECTION 2.

The evidence submitted with regard to labour conditions, work loads and wages of the Dominion Textile Company, Limited.

The evidence with respect to wages, work loads, and labour conditions which was submitted to the Commission consisted of the following in so far as the Dominion Textile Company Limited was concerned:—

With regard to the Sherbrooke Plant, Sherbrooke, Que.

This plant, both the rayon and cotton divisions, was personally inspected by the Commissioner and counsel. Thereafter evidence was heard from the General Superintendent of the Company, from the Office Manager of the Sherbrooke Plant, from the Assistant Foreman, from thirty-nine employees of the cotton division, from six employees of the rayon division, from the cotton mill superintendent and from the card room superintendent.

With regard to the Montmorency Branch, Montmorency, Que.

This plant was also personally inspected by the Commissioner and by counsel. Evidence was heard from twenty-

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two mill employees, from the Superintendent, from the Office Manager, from twelve overseers, foremen and assistant foremen, from six mill and office clerks, from the chief clerk, from the comptroller of the Company and from its Managing-Director.

With regard to the Hochelaga Mill, Montreal, Que.

Six mill employees and the Superintendent of the mill gave evidence. This was only in connection with the alleged complaints set out in the "Expose des Griefs de la Federation Catholique Nationale du Textile".

With regard to Trades Unions.

Six union officials gave evidence.

With regard to "work loads" and labour conditions.

Two industrial engineers, Mr. Ralph E. Loper, called by the Dominion Textile Company, Limited, and Mr. C. V. Fessenden, employed by the Commission itself, gave evidence as to work loads and conditions of labour.

With regard to minimum wages.

Mr. Gustave Francq, President of the Quebec Minimum Wage Board, gave evidence in respect of conditions in so far as minimum wages are concerned.

With regard to the Company.

Besides the information obtained from the witnesses above mentioned, Commission counsel required and obtained a great number of documents and written information dealing with labour amongst other things.

In addition, the report of Mr. C. V. Fessenden, employed by the Commission counsel, deals in part with the labour conditions of the Dominion Textile Company, Limited.

SECTION 3.

The evidence in support of the four general conclusions in Section 1 may be briefly summarized as follows:—

(1) *That the Dominion Textile Company, Limited was able to provide continuous employment throughout the depression.* The answers given by the Company to the questionnaire submitted by the Commission show that it operated the following plants:

At Montreal, P.Q.—Hochelaga Mill, St. Annes Ware-

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two mill employees, from the Superintendent, from the Office Manager, from twelve overseers, foremen and assistant foremen, from six mill and office clerks, from the chief clerk, from the comptroller of the Company and from its Managing-Director.

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house, Merchants Mill, Mount Royal Mill, Colonial Bleachery.

At Magog, P.Q.—Magog Cotton Mill, Magog Print Works.

At Montmorency, P.Q.—Montmorency Mill.

At Sherbrooke, P.Q.—Sherbrooke Mill, both cotton and rayon divisions.

At Drummondville, P.Q.—The Drummondville Cotton Company Limited.

The answers show a total employment of mill workers for the years 1930 to 1935 as follows:—

1930	—	7,914
1931	—	7,031
1932	—	6,727
1933	—	6,378
1934	—	6,944
1935	—	7,569

Exhibit No. 1209

The contention that employment was well maintained throughout the depression is confirmed by Mr. C. V. Fessenden's report. This report includes a graph showing the number of employees actually on the payroll, and the number of employees required if each worked upon a full time basis, from the year 1912 to the year 1936. This graph is based upon data obtained from the grey mills of the Company only and does not include the employees in the converting branches of the Company. Nevertheless, it is indicative of the extent of the employment given. The highest number of employees actually on the payrolls is shown in the year 1928 at 6,500; the lowest number is shown in 1933 at 4,900.

In 1930	the	figure	is	5,800
" 1931	"	"	"	5,300
" 1932	"	"	"	5,200
" 1933	"	"	"	4,900
" 1934	"	"	"	5,200
" 1935	"	"	"	5,700
" 1936	"	"	"	5,900

It is interesting to note the importance of the number employed in comparison with the total population of the towns, outside of Montreal, in which the mills are situate. The figures here given are upon a fifty-five hour basis, and cover the years 1930 to 1935, based upon Census of Industry returns. The actual number of employees would of course be greater than that shown upon this basis.

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Answer to Question 1 of Memorandum of Information required from Company.

MAGOG, P.Q.

Year	Number employed	Total Population 1931 census
1930	1,143	6,302
1931	1,016	
1932	1,161	
1933	1,287	
1934	1,307	
1935	1,547	

MONTMORENCY, P.Q.

Year	Number employed	Total Population 1931 census
1930	1,416	4,575
1931	1,256	
1932	1,403	
1933	1,472	
1934	1,557	
1935	1,625	

SHERBROOKE, P.Q.

Year	Number employed	Total Population 1931 census
*1930	533	28,933
1931	160	
1932	311	
1933	356	
1934	434	
1935	462 plus 235 in new rayon division	

DRUMMONDVILLE, P.Q.

Year	Number employed	Total Population 1931 census
*1930	347	6,609
1931	186	
1932	229	
1933	182	
1934	389	
1935	484	

*Taken over by the Dominion Textile Company, Limited and changes commenced in machinery and at Sherbrooke in type of product.

(2) *That Dominion Textile Company, Limited has maintained a high level of efficiency.*

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Pages 12846 and 12859f.

Throughout the hearing it has been admitted that the Company has been and is prudently and economically managed and developed.

Page 1801.

Mr. R. E. Loper, who was called by the Company as an expert witness, stated that considering the conditions under which the mills are obliged to operate; that is, the type of demand that the market makes on them, etc., they are efficiently run.

Exhibit No. 1209.

Mr. C. V. Fessenden at pages 33 and 34 of his report to the Commission quotes a favourable opinion as to the progressiveness of Canadian Manufacturers producing at lower cost by means of up-to-date equipment, adequately maintained and economically tended. He instances the record of this Company in increasing productivity of its grey mills by 53 per cent from 1912 to 1936, and by the record of the steps taken by the Company over a thirteen year period in bringing machinery development and maintenance up to a high standard.

In this connection, it has been thought to be sufficient to make the above references, and not necessary to quote from the evidence of the various Superintendents, Foremen and officers who were examined with regard to the installation of new machinery and the re-arrangement of work to obtain the highest efficiency.

(3) *That the average real wage per employee hour rose in proportion as the productivity of the worker increased, labour thereby sharing in the increased production of wealth.*

The evidence in this connection is again to be found in the report of Mr. C. V. Fessenden, and it is submitted that such evidence is conclusive as to the truth of the above statement.

Mr. Fessenden's report reads in part as follows: (This again is based upon data from the grey mills, excluding converting operations, but may be accepted as indicative in view of the large proportion of the manufacturing operations carried on in the grey mills.)

Exhibit No. 1209, Pages 16, 17 & 18.

" Probably the more informative study is the trend
" of wages over a period and particularly a study to see
" if the worker shares in the increased production of
" wealth resulting from the labour he applies to the tending
" of continually improving and more efficient machines.

" To examine this question the combined production
" in lbs. of all the Grey Mills of the Dominion Textile

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" Company was obtained yearly from 1912 to 1936.

" The corresponding data was also obtained showing:

" Number of employees on the payroll (foremen and " lower):

" Actual weekly hours per employee;

" Average hourly wage per employee;

"The index of the cost of living.

" The latter was calculated for each fiscal year end- " ing March 31 from 1914 to 1936. Hourly and actual " weekly wages were calculated in purchasing power or " 'real wages' as well as 'money wages'.

" These charts show from 1914 to 1936:

" 1. Total lbs. produced per year have risen 50%;

" 2. Number of employees has risen 12%;

" 3. Lbs. per week per employee has risen 32%.

" 4. Hours worked per week per employee is down 12½%;

" 5. Real wages per actual week per employee are up 32½%.

" Two points are particularly interesting:

" (a) The relatively steady rise in 'real wages' per " 'employee hour' and even 'per employee week' " in spite of an increasing amount of short time. " This steady rise is in marked contrast to the " much faster but more erratic rise in the money " wage up to 1921 followed by an irregular " plateau.

" (b) The closeness with which the 'average real wage " per employee hour' follows the 'pounds pro- " duced per employee hour'.

" The former rises 51% while the latter rises 53%.

" These two lines do not get far apart at any period " except when the 'real wage' falls behind in 1915, 1916, " 1917 and 1918 in spite of increases and war bonuses. " Finally in 1919 the wage increases caught up with the " rising cost of living and 'real wages' began to shoot up. " They were brought under control but the rise in real " wages was unchecked, dropping a 5% bonus in 1920

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" and making a 15% general decrease in October 1921.

"The net result of sharp changes in the level of prices " and changes in the level of wages, up and down, is that " the increasing productivity of the worker, co-operating " in the use of improved machines and improved methods, " is being matched by an approximately equal increase in " his real wage. This is in spite of a shorter working week. " The uniformity of this improvement in real wage per " week comes as a surprise when one's attention has been " absorbed by the apparently haphazard movements in " money wages on the one hand, and the cost of living on " the other. It constitutes at least one phenomenon en- " couraging to anyone who believes that the capitalistic " system by and large, works better than it is given credit " for working. The system has the defect of doing most " of its best work in the dark, and its worst work in the " light. It has the added misfortune of lacking any ade- " quate publicity department."

(4) *That the rewards of the other agents of production, including capital and management, were not unreasonable or disproportionate on the basis of economic principles.*

The question of the return to capital as an agent of production is fully dealt with in Division II of this factum, and will not be repeated here.

With regard to the return to management, it is submitted that such return is small both in relation to the total sums paid in salaries and wages, and to the magnitude of the operations carried on. For the former, out of the total sums paid in salaries and wages, the average part for the years 1930 to 1936 going to head office executives was 2.92 per cent.

Exhibit No. 519

As for the latter point, the following are the net sales of the Company, and head office executive salaries for the last three years:—

Exhibit Nos. 517 and 519.

Year	Net sales	Head office executive salaries
1934	$17,137,369.71	$136,948.65
1935	$18,050,708.90	$108,120.00
1936	$18,740,237.08	$124,600.00

SECTION 4.

WAGES

(1) *How wage rates are fixed.*

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