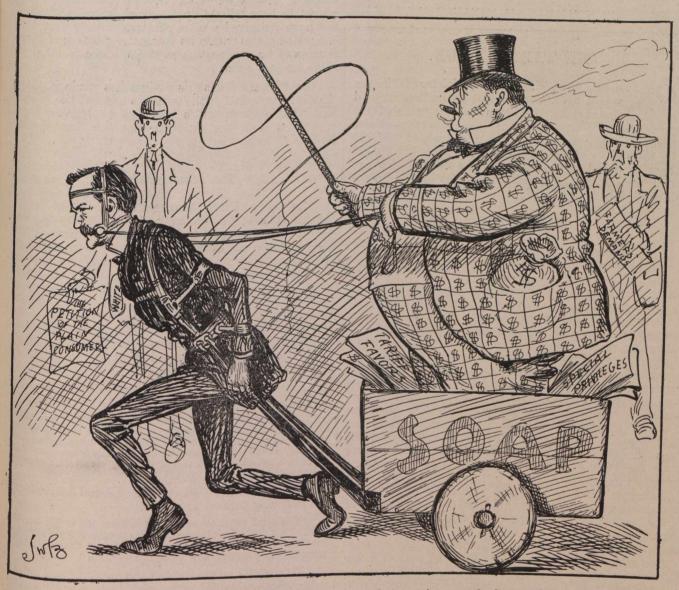
# THE CANADIAN LIBERAL MONTHLY

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Ten Cents

# HARNESSED TO DUTY



A revision of the tariff upwards at the instance of specially favoured corporations was the feature of the budget presented to Parliament on April 6 by Hon. W. T. White, the Minister of Finance. Such promises as were made foreshadowed the re-introduction of bounties, further increase in protective duties, additional assistance to railroad corporations, additional expenditures on Public Works and Militia. The demands of consumers, farmers and industrial workers were wholly ignored, or all but flatly refused.

The Borden Administration is controlled by the interests and is exclusively serving their ends to the detriment of the well-being of the Canadian people.

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# THE TARIFF ISSUE.

ON April 6th, Hon. W. T. White, Minister of Finance presented his annual budget to Parliament and asked acceptance by the House of Commons of the proposals it contained. The proposals themselves, the debate which ensued, and the amendment offered by the Leader of the Opposition, Rt. Hon. Sir Wilfrid Laurier served to clearly define the lines of cleavage between the two great political parties on the fundamental issue of the tariff.

# The Tory Policy.

The budget announcement provided for tariff revision upwards on some sixty items of the tariff schedule: all but one are designed to benefit specially favoured manufacturing interests and with the provisions for additional drawbacks, possible future bounties and other favours will have the effect of restricting competition, increasing customs taxation, and enhancing prices. One change only out of the sixty might be interpreted as intended to benefit agriculture, the basic industry of Canada upon the development of which depends the prosperity of all. This exceptiona reduction from  $17\frac{1}{2}$  per cent to  $12\frac{1}{2}$  per cent on harvesters, reapers and mowers—a reduction on one class out of 17 agricultural implements mentioned in the tariff schedule is nominal rather than real in as much as the concerns manufacturing these articles have by the ownership of plants in the United States as well as in Canada complete control of the whole North American market, a control which the rate of duty remaining is sufficient to maintain. The demands of the farmers for wider markets and reduction of duties have been ignored.

The universal demand for some reduction in taxation which will help to relieve the high cost of living has been worse than ignored for the tariff changes made will serve to make the cost of living higher still. Not a single change was made for the benefit of the consuming classes as a whole. Instead there are increases in the tariff on the basic items of iron and steel, brass and building stone, all of which by increasing the cost of construction, and the cost of articles into which these materials enter, will tend to further increase the cost of living.

This is the first time in nearly twenty years that the tariff has been revised upwards. Once the tariff revision is started upwards as the Borden Government has now started it, a heightening all around is almost sure to follow. Emphasis of this intention on the Government's part is contained in a further proposal of the budget to enable the Government to increase the surtax against countries that discriminate against Canadian imports or Canadian shipping.

Most vicious of all perhaps is the insidious manner in which the Minister of Finance and the Government have sought to place certain interests under their control by taking power to the Government to say when certain of the increased duties shall go into effect and by the promise of bounties if "inquiry" appears to warrant that step. Had the Government openly sought to levy tribute upon special interests it could not have conceived a more effective method than this one which places within its power the granting of tariff favours of its own motion at times best calculated to serve its own ends.

The Finance Minister's budget has made it plain that it is on behalf of the interests and not the people that the Government is prepared to legislate and that it is from the interests that the Government intends to compel support.

# The Liberal Policy.

The policy of the Liberal party as outlined by its Leader aims at the lessening of taxation by the removal or lowering of tariff restrictions where duties are no longer necessary to the development of industries already established, or where tariff restrictions operate adversely upon other industries, or foster combines and monopolies to the detriment of the great body of consumers. The Liberal policy aims also to so readjust the tariff as to secure to producers, wider markets. In other words, for producers and consumers alike it seeks a gradually enlarging measure of fiscal freedom designed to afford greater equality of opportunity in buying and selling.

Concretly this view was expressed in the following amendment moved by Sir Wilfrid on April 23rd:

"That this House is of opinion that in view of prevailing economic conditions of the country it is advisable to place wheat, wheat products and agricultural implements on the free list; and that without doing injustice to any class steps should be taken to alleviate the high cost of living by considerate removal of taxation."

Sir Wilfrid summed up the Liberal attitude in the following pointed sentences:

"The tariff exists for the people and not the people for the tariff. The tariff is not immutable like the laws of the Medes and Persians. The tariff has to be re-adjusted from time to time to bring it into harmony with changed conditions."

With restricted markets on the one hand and urban congestion, industrial unrest and high cost of living on the other, Liberalism would seek a fundamental remedy through a re-adjustment of the tariff which would remove these anomalies in the present stage of Canadian industrial development. A reactionary Conservatism using the tariff as a means of furthering privilege and monopoly is prepared to intensify these evils and to ignore the consequences of so doing.

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# THE BORDEN CABINET.—VIII. THE MINISTER OF CUSTOMS.

By H. F. Gadsby.



Hon. J. D. Reid.

R. John Dowsley Reid illustrates in a way one of the parables—that of the faithful steward. They gave him certain Eastern Ontario Constituencies to look after in the last general election and he brought them in. But like Little Bo Peep's sheep they carried their tales behind them. We use the word tales advisedly because there is a sad story behind each. What that story is, it boots not to relate. Some say that it was "Doc" Reid's personal influence that did the business, others that it was the special arguments that he used, of which arguments the Conservatives had considerably more than plenty. Be that as it may the Doctor turned the trick, delivered the goods, and inasmuch as he was faithful in the small matter of these Constituencies they gave him a big job—to wit, Minister of Customs. Virtue is its own reward, but the portfolio of Customs is seven thousand dollars a year better than that, or Doctor Reid would not have taken it.

The appointment caused much surprise because nobody up to that time had suspected that the member for Grenville was a great statesman. It is only fair to add that nobody has suspected him since, but it may be like Br'er Fox, he's lyin' low. At all events he is Minister of Customs and they don't make a man Minister of Customs in Canada without substantial reasons. It was probably his force

of character that landed the job. The Doctor went after it with tremendous vigor. As soon as the returns were in, in fact before some of the outlying districts had been heard from, he took the first train to Ottawa and camped on Premier Borden's doorstep until the job was in his pocket. The door-step was a strategic spot because from that point he could see who went in and out and who were likely to be his rivals. Ever and anon he was admitted to Premier Borden's presence and there are still holes in the library rug where the Minister of Customs pounded his cane as he set forth his claims to the office.

It stands to the Doctor's credit that he knew what he wanted and that he didn't stop kicking till he got it. As Marcus Aurelius has aptly remarked, the kicker always gets his piece of it. The Doctor is a man who wants what he wants when he wants it and that is more than can be said of the other candidates for the job who never got closer to it than the Russell House rotunda. While their hopes were rising Doc. Reid was Johnny on the spot and was getting in some good licks. The Doctor is a standing example to persons desirous of Cabinet positions not to linger on the way. It is the old fable of the hare and the tortoise. The hare stops to whoop it up and the tortoise comes in under the wire a winner. An aspirant for the Inland Revenue Department might appropriately loiter but a Minister of Customs can't afford to wait.

The story goes that Andrew Broder, the Abraham Lincoln of the Conservative party, who contributed so much to the reciprocity campaign in the way of loyal sentiment and whimsical anecdote, was the man of Premier Borden's choice until Doc. Reid persuaded him that the department of Customs wasn't good enough for Andrew and that they'd better save him for something better. This something better that Andrew is being saved for is not the Inland Revenue Department, though one might think so from the spite the member for Dundas shows toward cigarettes, but a place on the Dominion Railway Commission. One of these places

will fall in presently and no one will begrudge Andy Broder his good luck. It goes to prove that story telling is a useful art and that a sense of humor doesn't always land its possessor in the discard. But first and last Andrew Broder will owe his good fortune to Doc. Reid who sooner than see him sacrificed on a bargain day job like the Minister of Customs, took it himself.

Still another reason why Doctor Reid adorns the position he does is that he was put there to be a sort of antidote to the seven C.N.R. Cabinet Ministers who are supposed to be the main ingredients of the Borden Government. Other railways must be represented in a railway administration, and Doctor Reid represents them, that is to say he represents one of them—or perhaps more. It is said, too, that when Andy Broder was talked of, it was pointed out by the distillers that Andy was as much opposed to whiskey as he was to cigarettes and that that influence would be gone unless it had a safe representative in the Cabinet. When Premier Borden had listened to all the other arguments, it was the Doctor's railway argument, properly fortified with high authority and other mutual credentials that turned the scale in his favor. The Doctor is so fond of his railway affiliations that he is said to be understudying the Minister of Railways and plans to take over that job when Frank Cochrane lets go. It is true that he is no talker but even at that he will be several degrees more vocal than the present incumbent. Besides what's the use of a Minister of Railways being a great talker anyhow? In these days when they can give away \$15,000,000 to the C. N. R. and guarantee another \$45,000,000 in two years the Minister of Railways has no need to talk. The money talks for him.

Doctor Reid has never regretted becoming a Cabinet Minister. Having put his hand to the plow he has not turned back. That is to say he sold his starch factory and is mighty glad to be rid of it. Although at various times the Borden Government has shown a lack of stiffness in its backbone they will have to look to somebody else than Doctor Reid for starch.

THE TARIFF EXISTS

THE PEOPLE

FOR THE PEOPLE;

FOR THE TARIFF.

SIR WILFRID LAURIER.

## COMBINES AND PRICES.

SELDOM has the Canadian public been givenmore conclusive evidence of the effect of a protective tariff in producing combines and monopolies, and enabling food monopolies in particular to reap large profits at the expense of consumers, than was afforded in the course of the debate on the budget in the House of Commons on April 23rd.

During the debate, Sir Wilfrid Laurier said:

"If the cost of living is high it is not because the producer is paid an abnormal price, but because of enormous profits that go into the pockets of combines and trusts... Trusts and combines are the bane of these later days. They are everywhere, but especially in protected countries where they seem to find a congenial habitat just as do microbes in dirt and darkness. In the United States they have combines in milk, in meat, in bread, in sugar and all kinds of commodities, and Canada is following suit at a pretty lively rate. We have combines in meat, in bread and in flour. Bacon is an article of daily consumption to be found on the table of every consumer and today bacon is sold to the consumer in England at 14½c per pound, while in Toronto, Montreal and all the Western cities of Canada it is sold for 19½c per pound, or 5c more than in England. That 5c does not go into the pockets of the farmer, but into the pockets of the combine. So it is with flour. To-day flour sells in Canada for

something like \$5.50 per bbl. and in England the same flour sells for \$4.70. These differences in prices do not go into the pockets of the farmer, but into the pockets of the combine."

The Honourable George E. Foster in attempting to shield the food monopolists gave convincing confirmation of the facts as set forth by Sir Wilfrid. Mr. Foster was claiming that the Liverpool price on flour was not \$4.70 per bbl. as stated

by Sir Wilfrid, but ranged from \$6.33 to \$6.81 per bbl. Being questioned as to the basis on which the estimate had been made, he was obliged to admit the price he had quoted was for 280 pounds of flour in sacks instead of a barrel of this weight. Reduced to the barrel basis, which was the one Sir Wilfrid's figures referred to, Mr. Foster had further to admit that the price of Canadian flour in England per barrel would not, on his own figuring, exceed \$4.80. This he did in the following words:

"I had the impression that the prices I have read were reduced to the barrel basis, but looking at it again I find that they are reduced to the 280 pounds basis so that you would have to take that proportion off from the \$6.33 to the \$6.81 to get at the price. That would bring it to \$4.80."

Selling their produce in England, Canadian packers, canners and millers find monopoly destroyed by the effects of competition. They sell Canadian produce at a lower price than in Canada notwithstanding that their produce has to be shipped across the ocean before it can be put on the British market. Even then they make a good profit otherwise they would not export in the quantities they do. The English consumer is saved from a monopoly price through the absence of a protective tariff which in no way helps the farmer, but only serves to create a monopoly for the middleman. From the Canadian consumer, the food monopolist by aid of the tariff exacts a monopoly price, which he does not share with the farmer but keeps for himself.

### THE TRADE IN POTATOES.

UNDER the terms of the Wilson-Underwood tariff, potatoes are admitted to the United States free of duty from any country which has no duty on American potatoes. At the present time, American potatoes are subject to a customs tax of 20c. per bushel so the Canadian product is denied free access to the American market. In order to change this condition and obtain advantages both for the Canadian producer and the Canadian consumer a resolution was offered in the Commons on April 28th by Mr. W. S. Loggie, the Liberal member for Northumberland, N.B., providing for the abolition of the Canadian duty as soon as the United States raises the present embargo maintained against Canadian potatoes on the score that in some cases they are diseased.

Some striking facts were brought out in support of the resolution. It was shown, for instance, that last autumn immediately on the reduction of the American duty on potatoes from 25 cents per bushel to 10 per cent, there was a great increase in the export of Canadian potatoes across the line. From New Brunswick

alone in October, November and December, 1913, there were shipped to the States United .650,753 bushels of potatoes valued at \$270,080. The New Brunswick farmers profitted through the sales but their profits were decreased by \$27,080, the amount collected in duty by the United States. Had the Canadian duty been nonexistent, then, under the

Wilson-Underwood tariff, there would have been no American duty on potatoes and the New Brunswick farmers, not the United States treasury, would have had the \$27,080, or most of it.

So far as the Canadian consumer is concerned, it was pointed out that at certain seasons—before Canadian potatoes are ready for the table—potatoes are imported from the United States. For example, during a period of four months in 1912-13—chiefly in June, July and August—Canada imported United States potatoes to the value of \$356,702. On these imports the Canadian Government collected a duty totalling \$83,167 and the cost of the potatoes to the Canadian consumer was increased by this large amount. It was increased even more because, under tariff protection, the merchant collects his percentage of profit not only upon the cost of the article but upon the duty imposed as well.

Under the Liberal proposal the Canadian potato growers would have a wider market for their product and would gain their full profit, not merely the profit less the amount of a duty collected by a foreign government, and the Canadian consumer when they buy United States potatoes at certain seasons would not have their price increased by a needless duty and a percentage of profit, on that duty. Despite these facts, the Borden majority wedded to trade restriction rejected Mr. Loggie's motion by a vote of 60 to 33.

# THE TAXATION OF AGRICULTURAL IMPLEMENTS.

# Conservative and Liberal Policies Contrasted.

(See also article on Abolition of duties on Agricultural Implements in April number).

ON March 11th, the Liberal members of the House of Commons voted unanimously in support of a resolution advocating the abolition of duties on agricultural implements. The Conservative members voted unanimously against the resolution, and with the exception of the Prime Minister and the Solicitor-General, who opposed the resolution every representative on the Government side refrained from expressing any opinion. The representations of the Liberals were, however, not without some effect, for in the tariff changes outlined by the Finance Minister in his budget speech on April 6th, an acknowledgement that something was due the farmers of Canada in this

connection was made in the announcement that the rate of duty on harvesters, reapers and mowers would be reduced from  $17\frac{1}{2}$  to  $12\frac{1}{2}\%$ ; in other words, that on three of the largest farm implements a reduction of 5% would be made.

With this exception, the tariff changes announced were practically all in an opposite direction. While to appearances a concession was made to the farmers in the way of a reduction on three machines, increased protection was given manufacturers on a number of commodities which enter into articles that farmers along with the public generally are obliged to use and for which an increased price will hereafter be paid.

In announcing the reduction Hon. W. T. White, the Minister of Finance mentioned that there were three firms in

Canada manufacturing harvesters, reapers and mowers, the Massey-Harris Co. of Toronto, the International Harvester Co. of Hamilton, and the Frost and Wood Co. of Smith's Falls. He did not, however, Went that the two first manufacture in the United mention that the two first manufacture in the United States as well as in Canada and virtually control the States as well as in Canada and virtually control the Market in the two countries, so that so far as the remarket in duty on these commodities is concerned, the farmer will look in vain for any benefit from the reduction.

Mr. White made one interesting admission. He said:

"It is a matter of pride to me that the Canadian manufacturer of harvesters, reapers and mowers is not only able to hold his own

but to do exceptionally well and sometimes to pass his competitors in the markets of the world."

With this knowledge in his possession, it is difficult to see on what grounds the Finance Minister and the Government are able to defend the 12½% duty which they still impose on harvesters, reapers and mowers When in the markets of the world Canadian manufacturers can pass their competitors, the continued imposition of a protective duty is wholly indefensible, and amounts to levying tribute on the agricultural industry,—on the farmers who are producers, and on consumers of agricultural products everywhere—that the fortunes of individuals may be enormously en-

hanced.

# CANADA'S IMPORT AND EXPORT TRADE IN HARVESTERS, REAPERS AND MOWERS.

ing lst.	Harvesters.		Real	pers	Mowers.	
Fiscal Year ending March 31st.	Imp'ted Value \$	Exported Value \$	Imp'ted Value \$	Exported Value \$	Imp'ted Value \$	Exported Value \$
1910	166,013	1,371,843	8,350	202,618	62,978	614,912
1911	115,794	1,695,040	60,677	448,888	52,999	766,146
1912	264,890	1,433,697	75,455	418,634	79,539	649,630
1913	215,009	1,718,052	68,647	247,304	76,699	665,651
Total for 4 years	761,706	6,218,632	213,129	1,317,444	272,215	2,696,339

During the last four years the total value of harvesters, reapers and mowers exported from Canada exceeded the total value of the same articles imported by over 800 per cent.

# Growth in Export Trade.

Statistics respecting the growth of exports in agricultural implements show that this industry stands on an entirely different footing than other manufacturing industries in Canada. When the tariff was revised in 1894 Canadian export of agricultural implements amounted to \$466,479. When revised in the fall of 1906 the exports amounted to \$2,499,104. In the year ending March, 1913, the exports amounted to \$6.152.559. In other words since the great reduction made in 1894 whereby the tariff on agricultural implements was reduced from 35% to 20%, exports have grown more than 13 times. Exports of other manufactured goods during that time have not

grown to anything like the same extent. They have, taken collectively, grown only  $5\frac{1}{2}$  times. Exports in all manufactured goods in 1894 amounted to \$7,690,755 and in 1913 to \$43,692,708.

A comparison from another point of view is equally significant. Taking manufactured goods as a whole Canada imports more than ten times as much as she exports. Last year Canada imported manufactured goods to the amount of \$462,461,943. Her exports of all manufactured goods amounted to \$43,692,708. or not quite one-tenth of what she imported. Just the contrary is the case with agricultural implements. Last year Canada imported agricultural implements

to the value of \$4,445,480 and exported implements to the value of \$6,152,559. That is to say, she exported one and a half times as much as she imported.

# Successful Competition in World Markets.

As stated by the Minister of Finance, Canadian manufacturers of agricultural implements, can go into the world's markets and successfully compete against the manufacturers of other countries. Considering for the moment only the United States, the one competitor of concern, reference to trade returns show that last year in the free trade market of Great Britain the United States sold implements to the value of \$1,023,000. while Canada sold implements to the value of \$250,000 or to an amount equalling about 25% of the American sales. Canada's population is about onetwelfth of the population of the United States, yet she was lable to successfully compete in the free trade market of Britain and rival her American competitor there to a figure equal to one-quarter of the American sales. In France, where identical duties had to be paid by the United States and Canada, a like result was obtained. The United States sold implements to the value of \$2,700,000 while Canada sold implements to the value of \$686,000 or one-quarter of the amount sold by the United States.

In Russia, Canada did even better. The United States sales amounted to \$5,800,000 while Canada's totalled \$2,000,000 or more than one-third of her neigh-

boring competitor.

Had Canada in all of these cases done 10 per cent of the trade of the United States she would have held her own. As a matter of fact, in England and France her trade was 25% that of the United States and in Russia 33\frac{1}{3}\%. More significant still, however, is the trade in agricultural implements which the two countries have carried on in Australia. There both meet on an equal footing, though Canada is handicapped by being farther away, which necessitates a longer haul for her commodities. In Australia last year the total sales of agricultural implements from Canada exceeded the total sales of the United States by \$160,000. The total sales of the United States amounted to \$1,100,000, while the total sales of Canada amounted to \$1,278,100. In other words, on the other side of the world, competing on equal terms, Canada, with her population onetwelfth that of the United States and handicapped by distance, has been able to outstrip her American rival in this industry to the extent of \$160,000 in one year.

If Canada can more than hold her own when brought into competition with the United States in the free trade market of England, and in competition on equal terms in France and Russia, and if on the other side of the world she can out-rival her chief competitor is she not in a position to do the same within her own bound-

aries?

### Sales in the United States.

But the case is even stronger than this. Even before the United States removed the tariff on agricultural implements, Canada sold in the **United States** itself agricultural implements to a value of between \$80,000 and \$90,000. Under the Wilson-Underwood tariff, which removed all the duties on agricultural implements, Canadian manufacturers are now in a position to compete in the free market of the United States on equal terms with the manufacturers of agricultural implements of that country.

If the manufacturers of agricultural implements of Canada can go even into the market of the United States itself, pay the United States tariff as formerly existing, pay the freight required, and sell their goods in competition with American manufacturers, what argument is there left to justify Canadian farmers being deprived of any advantage that may come through free competition of agricultural implement manufacturers in the Canadian markets? What, for example, can justify the retention of a protective tariff which helps to handicap Canadian agriculture in the face of figures such as the following which were cited and unquestioned in debate in the House of Commons.\* The Cockshutt Plow Company of Brantford made an eight furrow plough, which sold in 1911-12 at Brantford for \$600, at Winnipeg for \$680 and at most points in Saskatchewan for \$705. The same company sold a similar plough after payment of duty of from 13 to 15% in addition to freight charges, at Peoria, Illinois, for \$525, and at Minneapolis, Minnesota, for \$502. An eight gang plough of the same Company was quoted at Saskatoon at \$705 cash and the figure given for that plough at Minneapolis was \$541.20, both ploughs of the Cockshutt Plow Company. Similar statistics were given in Parliament, and unquestioned, showing cheaper prices in the United States on Canadian wagons, mowers, binders and hay forks than were to be had in Canada where these implements were manufactured.

Finally as respects competition in manufacture of agricultural implements it may be mentioned that Mr. Metcalfe, the head of the International Harvester Company which does business in both Canada and the United States, in giving evidence before the Ways and Means Committee of Congress in Washington in 1908-09 stated that in the city of Hamilton, Ontario, his Company was able to manufacture practically as cheaply as in the United States and that the goods

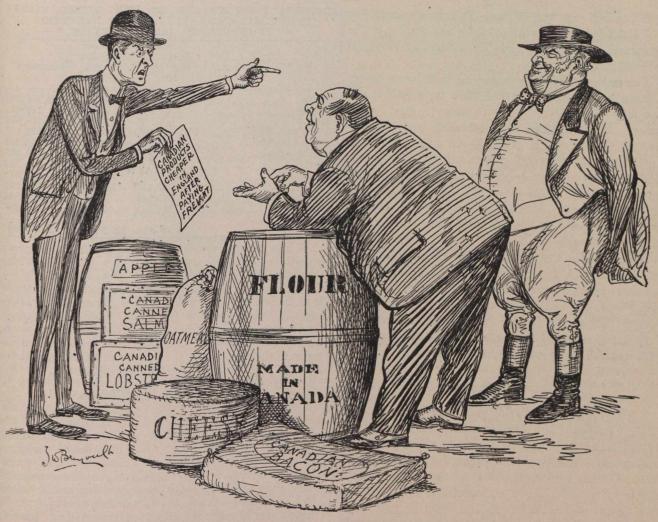
manufactured were practically the same.

# Effects of Continuing Protection.

The conditions being what they are, what, it may be asked, is the effect of retaining the duties on agricultural implements? The additional prices which the farmers have to pay are not necessary to give the manufacturers a fair profit, otherwise they could not sell abroad at the prices and in the quantities they do. The difference between what would be a fair profit and what is charged does not go to the State as revenue for these commodities are produced and sold within the country itself; it can, therefore, only help to swell the private fortunes of the men engaged in the business, and do this at the expense of the nation as a whole, and the farming community in particular. It is well known that through the facilities undue protection has afforded, the business of manufacturing agricultural implements has gradually become consolidated in the hands of a few firms, whose understandings and relations with each other are such as to constitute them an effective combine. The heads of some of these concerns have become millionaires, and are adding to their vast accumulations year by year. These enormous private fortunes are being acquired behind the screen of an alleged National Policy of protection, and are being used as a means of maintaining protection after its real purpose has long since been attained.

<sup>\*</sup>See Speech by W. E. Knowles, M.P., H. of C. March 11, Hansard p. 1615-16.

# FOOD MONOPOLIES AND THE TARIFF



CANADIAN CONSUMER.—Here! this is an outrage! Selling your produce across the ocean after paying the freight cheaper than you sell it right here at home! I won't stand it!

PROTECTED CANADIAN FOOD MONOPOLIST.—Oh, yes you will; You see Mr. Bull wants cheap living so he puts no taxes on food, but as long as there is a protective tariff we propose to make the most of it.

## CONSUMER! LOOK AT THIS!

BREA	D (per	lb.)*.		CANADIAN FLOUR (per bbl.).†		CANADIAN BACON.		
Month of February.	1912	1913	1914	Month of April.	1912	1913	1914	Month of March, 1914.
Toronto Winnipeg Montreal Vancouver London, Eng.	C 3½ 5 4 6¼ 2¾ 2¾	c 3 <sup>1</sup> / <sub>3</sub> 32-5 4 6 <sup>1</sup> / <sub>4</sub> 2 <sup>3</sup> / <sub>4</sub>	31-5 51	Toronto	\$ 5.30 5.70 5.50 4.95	\$ 5.10 5.70 5.20 5.04	5.00 5.40 4.70	C   Toronto, Ont   19½ per lb   Montreal, Que   19 "   Winnipeg, Man   19½ "   Vancouver, B.C   25 "   London, Eng   14½ "

<sup>\*</sup>The Canadian prices are taken from the Labour Gazette issued by the Department of Labour, Ottawa.

The London quotations are taken from the Labour Gazette issued by the Board of Trade, London, England.

<sup>†</sup>The Canadian prices are taken from the Northwestern Miller.

The London price from the *Grocer*, London, Eng., and is a quotation for Canadian flour of like quality and standard.

# U.S. TARIFF CHANGES AND CANADA'S TRADE.

THE effect of the Wilson-Underwood tariff on Canadian trade was concisely set forth by the Honourable Sydney Fisher in an address at Montreal on April 20th.

The reductions in the American tariff were shown to have greatly increased Canada's total trade, and especially the exports from Canada to the United States. In 1911, Canada's total trade amounted to \$760,000,000 of which \$247,000,000 was with Great Britain and \$414,000,000 with the United States. In 1913 Canada's total trade amounted to \$1,038,000,000 of which \$317,000,000 was with Great Britain and \$622,000,000 with the United States, or an increase in two years of \$70,000,000 with Great Britain and \$208,000,000 with the United States. This increase in trade with the United States, Mr. Fisher pointed out was not due to any political consideration, but to economic reasons pure and simple. It paid the Canadian people to send an increasing proportion of their commodities to the United States, and the barrier of duty being removed from a natural trade channel, a vast increase in exports naturally followed.

# Effect upon Producers.

The Underwood Tariff went into effect October, 1913. During the last three months of the calender year 1912, Canada's total exports to the United States amounted to \$37,346,000. During the same period of 1913, Canada's total exports to the United States amounted to \$57,130,000, an increase of \$19,784,000 in the three months following the new United States tariff. Mr. Fisher showed that this increase was to be accounted for wholly by the increased exports of articles on which the American duty had been lowered or had been done away with altogether, and that practically no increase had taken place on any article on which the duty was not lowered or removed.

The following statistics show in detail the changes in the American tariff and their effects upon Canada's export trade.

U. S. TARIFFS 1909 and 1913.

	1909 U. S. Tariff	1913 U. S. Tariff
	U. S. Tarin	U. S. Tarin
Cattle	27½ per cent	Free
Horses	25 "	10 per cent.
Oats	15c bushel	6c bushel
Hides and Skins	Free	Free
Fresh Cream	5c gallon	Free
Printing Paper	\$3.75 per ton	Free
Beef	1 tc lb.	Free
Flax Seed	\$2.25 per bush	20c per bush.
Wheat	25c per bush.	10c per bush.
Potatoes	25c per bush.	10c per bush.
Fertilizer		Reduced

EXPORTS FROM CANADA TO THE UNITED STATES SHOWING EFFECT OF U.S. TARIFF REDUCTION IN INCREASING CANADIAN TRADE.

For the Months of:	October November December 1912	October November December 1913	Increase
Cattle Horses Oats Hides and Skins Fresh Cream Printing Paper Beef Flax Seed Wheat Potatoes	\$693,893 152,471 21,718 1,884,181 167,937 1,227,334 237 3,473,554 233,118 20,533 424,948	\$5,671,945 347,682 5,156,634 2,546,356 363,622 2,799,196 844,576 7,116,525 1,850,740 351,429	\$4,978,052 195,211 5,134,916 662,175 195,685 1,571,862 844,339 3,641,971 1,617,622 330,896 478,867
Wheat	233,118	1,850,740	\$1

What better example could be given of the great benefit to Canadian agriculture of a policy of wider markets than the statistics here quoted? No one today thinks of stating that this vast increase in trade from North to South is leading to Annexation. Having the wider markets for their produce, Canadian trade has expanded, farmers have received more money for their live stock and produce, this has increased their ability to purchase manufactured articles and the products of other Canadian industries.

# Effect upon Consumers.

At the same time, while Canadian producers have benefited, no regard being had by the framers of the American tariff to the welfare of Canadian consumers, the great increase in the export of some of the commodities included in the above list has helped to increase the cost of living in Canada, and has rendered more necessary than ever some revision of the Canadian tariff in the interests of Canadian consumers. In the words of the resolution of Sir Wilfrid Laurier moved on April 23rd, during the budget debate:

"Without doing injustice to any classes, steps should be taken to alleviate the high cost of living by considerate removal of taxation."

The last Presidential election marked the triumph of tariff reform downwards, and was in the nature of an economic rebellion on the part of farmers and consumers exasperated by too long and too great inattention, and too apparent care for the "interests" and "trusts" by previous administrations.

Economic condititions are much the same here as they were in the United States. A check in industrial progress has followed great urban increases and rural decreases in the population. Money is tight and higher in price. The cost of living has increased with tendencies to lower wages and lessened employment. The Borden Government has made it apparent that certain food monopolies, a few favoured manufacturing concerns, and railroad corporations to which the government is specially beholden is its first concern, and that the farmers, consumers and industrial workers may look in vain for relief.

It may take a little time for the people to see the situation as it really is, but once made apparent, the demand for redress will become as insistent and effective in Canada as it has been in the United States.

# THE CANADIAN NORTHERN AND THE GOVERNMENT.

# Public Ownership of Liabilities-Private Ownership of Profits.

AFTER over three months of steady and persistent lobbying by Sir William Mackenzie, Sir Donald Mann, Mr. Z. A. Lash, K. C., and all the influences which they could bring to bear, the Borden Government presented to the Conservative caucus on April 28th the Canadian Northern aid proposals. These involve a Federal bond guarantee of \$45,000,000, with a further credit, if necessary, of interest payments at four per cent. per annum on these bonds for three years after the completion of the transcontinental line from Montreal to Vancouver. In other words, after giving the company a straight cash gift of nearly \$16,000,000 last session, the Government now proposes to extend a further credit of some \$50,000,000.

# Mistrust and Mistakes.

As soon as the proposals were presented to the caucus, two of the leading supporters of the Government, Messrs. R. B. Bennett of Calgary, and W. F. Nichol of Kingston, both lawyers and close students of C. N. R. financing, left the caucus and made public declaration of the fact that they opposed the agreement as being in the interests of the railway promoters and against the interests of the people. After some three hours of what is understood to have been an acrimonious discussion the caucus finally swallowed the proposals.

At midnight on Tuesday, after a two hour final conference in Premier Borden's room between the representatives of the Government and the representatives of the company, the resolution embodying the agreement entered into with the company was sent out to be placed on the order paper of Parliament for the next day. At the same time an ex parte and misleading statement purporting to interpret the agreement was given to the press from the Premier's office. The following day the resolution as it appeared on the order paper of the Commons was further amended, some of the securities were withdrawn and there were important changes made in the wording of some of the clauses. Two days afterwards the resolution was withdrawn from the order paper for a still further revision. It appeared again on the order paper of Parliament on May 5th, in what may be its final form.

On May 4th a return was presented to Parliament by Premier Borden giving the first official information demanded in the public interest as to the obligations of the company, its floating liabilities and its financial needs to complete and equip the system. In this return there was a mistake of some \$6,000,000 in addition. The total financial needs of the company were stated to be \$100,379,099, made up of \$41,987,565 required to complete construction, \$10,000,000 for betterments, \$27,441,086 for rolling stock, and \$14,954,714 to pay sub-contractors' accounts on construction work already done. That was the statement in the official return in response to the first demand of the Liberals for information. As will be seen it fell some \$6,000,000 short of the total amount named in the return. It was explained a day later, that this \$6,000,000 was to be accounted for by the omission of an item for the cost

of tunnel and terminals at Montreal. The initial mistakes, however, both in the drafting of the resolution and in the presentation of the return are a fine commentary on what the people may expect from the Government's handling of the whole bargain.

# The Outline of the Proposed Deal.

The main features of the bargain itself may be briefly summed up. In essence the people of Canada after paying, either in cash or credit, two-thirds of the capital which has gone into the construction of the road, are asked to become junior partners with Messrs. Mackenzie, Mann and Lash, with \$40,000,000 of the Common Stock owned by the people of Canada, and \$60,000,000 of the Common Stock owned by the railway promoters. The latter occupy the position of senior partner with \$60,000,000 of stock which cost them in reality only the expense of printing the paper certificates. Mackenzie and Mann retain all the profits they have hitherto made in their capacity as contractors for the C. N. R. company. The amount of these profits is at present only conjectural, but it is certain that they run up into the many millions. No accounting is asked. They retain control of the road, control and ownership of a majority of the stock, and if the road should become a profitable undertaking they reap the profits.

Canada, as a junior partner, assumes all the liabilities already contracted, and becomes responsible for the future liabilities entered into by the controlling partner. If the road should become insolvent, Mackenzie and Mann could step out with their profits. The people of Canada will then shoulder the burden and pay the obligations. The Government takes the right to name one director on the Board. It can only take over control in case the road becomes insolvent, and under the agreement, Mackenzie and Mann have three years still in which to finance themselves into the best position either for retaining control or for stepping out with all possible assets and no liabilities. Their personal fortunes are generally understood to be up in the tens of millions. They pledge not a dollar of their extraneous assets in the undertaking. It is doubtful if they have put a single cent of their own money into it. The security they give the Government for the additional public credit of some \$50,000,-000 is, according to those who have studied the situation most closely, only the value of the Common stock. That Common stock, as has been said, cost Mackenzie and Mann nothing, and its intrinsic value may be nothing.

These are but some of the main features of the agreement. The whole bargain has been conceived in secrecy, its real meaning and intent when endorsed by the caucus was practically unknown, and the information necessary to an intelligent discussion of the whole matter has not been supplied in anything like adequate form.

The Government has looked after the interests of the railway knights. It remains for Liberalism to look after the interests of the people.



WAS THIS HONEST?

"I can give an explanation of the statement which I made to the press, but as to the statement of Sir William Mackenzie, or as to any remarks attributed to him, of course I cannot speak. My honorable friend has correctly read what I stated to the press, namely, that no application had been received for assistance by way of loan to any railway company, nor was any expected to be received. So far as I am aware that is a correct statement of the facts."—Hon. W. T. White, Minister of Finance, in the House of Commons, March 3rd; See Hansard for 1914, page 1317.

# \$45,000,000 GUARANTEE FOR MACKENZIE AND MANN.

BY legislation introduced in the Commons on April 28th, the Borden Government proposes to further guarantee the bonds of the Canadian Northern Railway to the amount of \$45,000,000. If that legislation is passed by Parliament, Sir William Mackenzie and Sir Donald Mann, the controlling owners of the Canadian Northern system, will have received assistance from the people of Canada amounting to \$234,693,576 plus the value of 6,102,848 acres of land granted them in part by the Dominion and in part by the Province of Ontario.

Up to June 30th, 1913, the Canadian Northern system, or Mackenzie and Mann, had received from the people of Canada Cash Subsidies Totaling \$41,977,741.

This amount is made up as follows:

Dominion su	sidies.	 \$32,048,244
Quebec	66	3,562,946
Nova Scotia	44	3,899,605
Manitoba	"	641,575
Ontario	"	 1,825,371

Total \$41,977,741

Up to the same date, Mackenzie and Mann had been given by the Dominion and several of the Provinces Bond guarantees amounting to \$135,715,833.

These guarantees are as follows:

Dominion guarantee	8	\$60,446,625
Nova Scotia "	***************************************	5,022,000
Ontario "		7,860,000
Manitoba "		24,408,446
	***************************************	8,258,966
Alberta "	***************************************	8,719,796
British Columbia "		21,000,000

Total \$135,715,833

During the last session of the British Columbia Legislature, however, a further Bond Guarantee of some \$12,000,000 was given Mackenzie and Mann by the McBride Government.

The land granted Mackenzie and Mann is as follows:

By the Dominion       4,         By Ontario       2,	102,848 acres 000,000 acres
Total6,	102,848 acres

It is not possible to set down the precise value of this amount of land; it has increased in value since it was granted and will go on increasing in value from year to year. It is possible, however, to give an indication of the opinion held by the Canadian Northern itself as to its value. A reference to the Canadian Northern report for the year 1910 will show that the company estimated that 1,151,017 acres of lands granted to it were worth "not less than \$14,000,000." Apparently, then, it is not unreasonable to set an average value of at least \$10 an acre upon all the lands so granted. At this valuation over \$60,000,000 more would be added to the amount of the cash and guarantee assistance received by the two railway magnates from the people of Canada.

With this \$60,000,000 together with the other assistance already given the railway the passage of the further guarantee now fathered by Premier Borden will bring the total aid granted the Canadian Northern up to nearly \$300,000,000!

# DIARY OF THE MONTH:

1914. April.

Annual meeting of TEMISKAMING LIBERAL ASSOCIATION addressed by HON. H. S. BELAND, M.P., and E. M. MACDONALD, M.P.

- HON. E. D. MILLEN, Minister of Defence for Australia, severely criticizes RT. HON. WINSTON CHURCHILL'S recent naval speech, and declares that Admiralty has violated the 1910 agreement with the Commonwealth.
- Annual meeting of FEDERATED LIBERAL CLUBS OF ONTARIO at Toronto addressed by MR. N. W. ROWELL and

HON. E. D. MILLEN, Australian Minister of Defence, upholds the policy of local navies.

HON. G. P. GRAHAM addresses LIBERAL CLUB OF HAM-ILTON, ONT., on the National Transcontinental report and other

questions.

The "W. Grant Morden", LARGEST LAKE FREIGHTER in the world, launched at Port Arthur.

**SIR NEWTON J. MOORE,** Agent General for Western Australia, tells Canadian newspapers that each portion of the Empire should work out its own naval programme.

400 UNEMPLOYED parade HAMILTON streets demanding

A delegation, 1000 strong, waits upon Dominion Government urging early construction of **GEORGIAN BAY CANAL**.

Enthusiastic LIBERAL RALLY held at KINGSTON, ONT.

HON. RODOLPHE LEMIEUX addresses Rowell Club, Toronto. 16

COL. ALLEN, Minister of Defence for New Zealand, declares that the New Zealand Government conceives it to be its duty to train men for naval service, not to contribute to the Admiralty.

L. A. DUGAL, M.L.A., presents charges in N. B. Legislature alleging that PREMIER FLEMMING, through W. H. Berry, extorted some \$100,000 from New Brunswick lumbermen; that money was paid to PREMIER FLEMMING and to H. F. McLEOD, M.P. for York, N.B., formerly Provincial Secretary of New Brunswick, by Valley Railway contractors, and that money was diverted improperly from the construction of St. John Valley Railway.

Motion passed in the New Brunswick Legislature for ROYAL COMMISSION to investigate charges against PREMIER FLEMMING and H. F. McLEOD, M.P.

5,000 UNEMPLOYED seek work from the city in Montreal. **HON. SYDNEY FISHER** addresses the Montreal Canadian Club on the Underwood Tariff.

Announcement made that the report of the departmental inquiry into the **HIGH COST OF LIVING** will not be presented to Parliament this session.

Annual meeting of the LIBERAL ASSOCIATION of VICTORIA, B.C.

HON. SAM HUGHES, Minister of Militia, lauds military training at a banquet of St. George's Society, Ottawa.

Great Liberal meeting in CALGARY addressed by HON. DUNCAN MARSHALL and HON. A. G. MACKAY.

Official statistics for 1913-4 show a total CANADIAN TRADE of \$1,112,562,107, an increase of \$44,000,000.

HON. RODOLPHE LEMIEUX and MESSES. J. A. ROBB, M.P., (Huntingdon), L. J. PAPINEAU, M.P., (Beauharnois), and ANDREW PHILPS, M.L.A., address Liberal meeting at HEMMINGFORD, QUE.

HON. GEO. P. GRAHAM, HON. SYDNEY FISHER and others address Montreal Reform Club.

James Usher, of the Carpenters' and Joiners' Union, Ottawa, reports **LABOR CONDITIONS** in the city as the **WORST IN 26 YEARS.** 

J. T. Foster, president of Montreal Trades and Labor Council, declares that **MANY MEN** of every trade are **OUT OF WORK** in

Redistribution Bill passed by Ontario Legislature.

# THE MONTH IN PARLIAMENT.

1914. April.

**HON. DR. ROCHE** announces that the Order-in-Council prehibiting the immigration of artisans by way of the Pacific has been extended for six months from March 31st, 1914.

DEBATE upon NATIONAL TRANSCONTINENTAL report continued by L. J. GAUTHIER, (L.), St. Hyacinthe, E. M. MACDONALD, (L.), Pictou, G. W. FOWLER, (C.), Kings-Albert, and D. D. MACKENZIE, (L.), Cape Breton North.

DEBATE on NATIONAL TRANSCONTINENTAL report continued by HUGH GUTHRIE, (L.), South Wellington; W. H. BENNETT, (C.), East Simcoe; HON. H. B. EMMERSON, (L.), Westmoreland: SIR WILFRID LAURIER, and PREMIER BOR. Westmoreland: SIR WILFRID LAURIER, and PREMIER BOR. DEN; AMENDMENT offered by HON. GEORGE P. GRAHAM condemning Gutelius-Staunton report as wilfully partisan, miscondemning and wholly unreliable, and censuring the Government for the appointment of such commissioners and for accepting and endorsing their report, DEFEATED ON VOTE OF 105-67.

1914. April.

SUPPLY BILL granting \$52,253,007 passed by Commons.

MR. JUSTICE IDINGTON, as deputy of the Governor-General, ASSENTS TO 33 BILLS.

Liberal speakers draw attention to inaccuracies in the **FISHERY BULLETINS** of the Department of Marine and Fisheries; **HON.** J. D. HAZEN promises inquiry.

- BUDGET SPEECH delivered by HON. W. T. WHITE, showing an estimated revenue of \$163,000.000, or nearly \$6,000,000 LESS than revenue for preceding year; a current EXPENDITURE of \$126,500,000, or \$14,500,000 MORE than last year and a DEBT INCREASE OF \$19,000,000, with HUGE BORROWINGS during
- BUDGET DEBATE resumed by A. K. MACLEAN, (L.), Halifax; increased expenditure, debt increase, and enormous borrowings at a time of financial stringency condemned. Arguments made on behalf of Liberals for free wheat and four, free farm machinery and other necessary tariff reductions. Debate continued by H. B. AMES, (C.), St. Antoine, and J. G. TURRIFF, (L.), Assimbola
- BUDGET DEBATE continued by J. G. TURRIFF (L.), and W. F. COCKSHUTT, (C.), Brantford.
- BUDGET DEBATE continued by W. F. CARROLL, (L.), Cape Breton South; O. J. WILGOX, (C.), North Essex, and HON. RODOLPHE LEMIEUX, (L.).
- BUDGET DEBATE continued by J. A. M. ARMSTRONG, (C.), North York; A. B. McCOIG, (L.), West Kent; J. W. ED. WARDS, (C.), Frontenac; E. B. DEVLIN, (L.), Wright, and J. H. BURNHAM, (C.), Peterboro.
- BUDGET DEBATE continued by J. A. ROBB, (L.), Huntingdon; J. A. M. AIKENS, (C.), Brandon; W. A. BUCHANAN, (L.), Medicine Hat; JOHN WEBSTER, (C.), Brockville, and HON. H. R. EMMERSON, (L.), Westmoreland.
- BUDGET DEBATE continued by 0. TURGEON, (L.), Gloucester; WILLIAM SMITH, (C.), Ontario South; DAVID WARNOCK, (L.), Macleod; W. G. WEICHEL, (C.), North Waterloo; D. B. NEELY, (L.), Humboldt; and W. A. CLARKE, (C.), North Wellington.
- BUDGET DEBATE continued by J. H. SINCLAIR, (L.), Guysboro; DR. MICHAEL STEELE, (C.), South Perth; HON. CHARLES MARCIL, (L.), Bonaventure; H. B. MORPHY, (C.), North Perth; EOGH LANCTOT, (L.), Laprairie-Napierville, and W. F. GARLAND, (C.), Carleton.
- HON. GEORGE E. FOSTER states that the establishment of SAMPLE MARKETS has been indefinitely postponed.

BUDGET DEBATE continued by E. W. NESBITT, (L.), North Oxford; DR. ALFRED THOMPSON, (C.), Yukon; LEVI THOMSON, (L.), Qu'Appelle; DONALD SUTHERLAND, (C.), South Oxford; ROBERT CRUISE, (L.), Dauphin; F. R. LALOR, (C.), Haldimand, and J. M. DOUGLAS, (L.), Strathcona.

**SENATOR DAVIS** (Prince Albert) complains of maladministration of liquor laws by the R. N. W. M. P. at Le Pas and urges Government action.

SPEAKER SPROULE rejects petition of GUELPH TRADES and LABOR COUNCIL for Government acquisition of C. N. R. on ground that petition involves expenditure of public money.

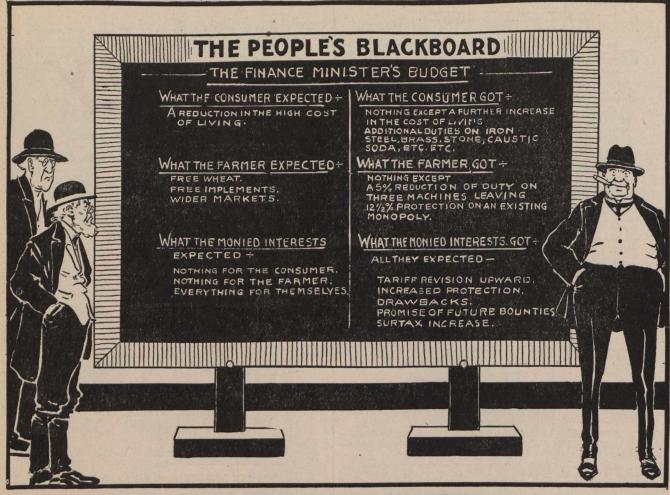
BUDGET DEBATE concluded by SIR WILFRID LAURIER, HON. GEORGE E. FOSTER, (C.), DR. MICHAEL CLARK, (L.), Red Deer; H.H. STEVENS, (C.), Vancouver, and G. H. BOIVIN, (L.), Shefford; Liberal amendment providing for FREE WHEAT AND FLOUR, FREE AGRICULTURAL IMPLEMENTS and alleviation of the high cost of living by CONSIDERATE REMOVAL OF TAXATION defeated on a straight party vote of

- J. H. BURNHAM, (C.), Peterboro, CRITICIZES GOVERN-MENT for failing to deal with the question of ocean freight rates, and declares that "if a government at any time finds that it cannot do things, it is that government's duty to give place to another."
- HON. DR. REID, acting Minister of Railways and Canals, tells the House that twelve UNITED STATES COAL COMPANIES have been asked to make offers for the supply of coal for the Government railways for 1914-15.
- F. B. CARVELL, (L.), Carleton, N. B., charges that the St. John Valley Railway, to which a double Dominion subsidy has been given, has not been built up to the standard, and that money has been improperly diverted from its construction; debate continued by HON. J. D. HAZEN, PIUS MICHAUD, (L.), Victoria-Madawaska, H. F. MCLEOD, (C.), York, N.B., HON. H. R. EMMERSON, A. D. FOSTER, (C.), Kings, N. S., O. TURGEON, (L.), Gloucester, and HON. J. D. REID.

GOVERNMENT PROPOSALS for a bond guarantee of \$45,000,000 for MACKENZIE and MANN submitted to Parlia-

Government tells E. M. MACDONALD, (L.), Pictou, that the subject of technical education is still "under consideration".

Motion of W. S. LOGGIE, (L.), Northumberland, N. B., for THE ABOLITION OF THE DUTY on United States POTATOES when the existing American embargo upon Canadian potatoes is removed, thereby giving Canadian producers of potatotes free access to United States markets, rejected by Government on Vote of



# FACTS WHICH SPEAK FOR THEMSELVES.

(Taken from the Budget Speech of Hon. W. T. White, House of Commons, May 6th, 1914.)

DOMINION OF CANADA.				
Revenue.	Expenditure. (Current)†			
1912-13\$168,689,903 1913-14\$163,000,000* Decrease\$5,689,903	1912-13. \$112,059,537 1913-14. \$126,500,000 Increase. \$ 14,440,463			
Net Debt.	Borrowings.			
1912-13\$314,301,625 1913-14\$333,301,625* Increase\$19,000,000	1913-14 Treasury Bills and Loans \$77,258,666			

\*The estimate given by Hon. W. T. White.

†Capital and special outlays in 1912-13 totalled \$32,396,816.37. †Capital and special outlays in 1913-14 totalled \$57,000,000. (See Mr. White's Speech.)

Round figures, as given by Mr. White.

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