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Dr. W. D. Lightfoot.

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G. FRANK BEER
TORONTO

Beer, G. Frank.

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Canada's Tariff Policy After the War

What Should it Be?—The Tariff in its Relation to National Development, Revenue, Protection and the Empire—Its Bearing on Employment and International Trade—The Importance of Production for Export—A Suggestive Analysis.

BY G. FRANK BEER

THE least, although most obvious, value of import duties may be their usefulness as a means of obtaining revenue, and the least cost connected with them may be the amount of revenue collected. The value and cost of import duties such as we have in Canada, must be sought in their social and economic effect rather than in financial returns to the government.

The government of Canada obtains two-thirds of its regular annual income by means of customs duties. In 1914 the receipts on consolidated fund account amounted to \$163,000,000, made up as follows: customs department, \$105,000,000; excise department, \$21,000,000; post office department, \$13,000,000; railway department, \$13,000,000; miscellaneous, \$11,000,000; total \$163,000,000. The growth in proportion of customs revenue is shown by the following figures: 1901, 54 per cent.; 1903, 56 per cent.; 1906, 58 per cent.; 1908, 60 per cent.; 1911, 61 per cent.; 1912, 62 per cent.; 1913, 66 per cent.; 1914, 64 per cent. The effect upon the industrial development of Canada of raising so large a part of annual revenue by this means is necessarily far-reaching and deserving of careful study.

The tariff has nominally divided Canadian political opinion, one party advocating a tariff chiefly for revenue, while the other maintains the national importance of "Protection." Since the same tariff, for the most part, has served both parties, it is evident that no serious effort has been made to base the tariff upon the principles underlying the policies advocated. One party has been happy so long as no serious opposition developed in agricultural circles; the other has been content to enjoy the approval of manufacturing interests. One party inclines towards a reduction of duties, while the other favors as a minimum the

"status quo." The Canadian tariff is the result of political expediency. Political parties unite in their desire to use it for both revenue and protection, without attempting to define the object and extent of the protection and with apparent indifference to the fact that in the proportion the tariff affords protection its value for revenue purposes is lessened, nor has any adequate effort been made to ascertain the effect of the tariff upon social well-being and national development.

There has been no lack of sincerity in the lengthy and sometimes bitter controversy over the comparative merits of "high" and "low" duties. We have been slow to admit that there exists no natural or scientific division of tariffs into these classes. Duties may be "high," and serve best as a means of raising revenue and of protecting home industries; in other cases they may be low and advance the same objects to an equal extent. The truth is that a tariff designed for definite ends calls for the use of both high and low duties. In this connection it is interesting to note the objects of the revised Japanese tariff bill as reported in recent cable despatches. The specific objects of the bill are: "First, to make hitherto dutiable articles duty free with the idea of encouraging domestic manufactured goods and the export of the same while checking the importation of these goods from abroad; second, to lower the tariff on some articles in order to protect and encourage domestic manufacturing; and third, to increase the current tariff on some articles for the purpose of protecting home industries."

A better understanding of the tariff would be possible if it were divided into sections defining the objects for which it is framed; one section, for instance, might be devoted to "tariff for revenue," another to "tariff for protection," a third possibly to "tariff for production." Such classifications would indicate clearly the economic policy which the tariff is designed to embody. The manufacture of "revenue" commodities should not be encouraged under the impression that the tariff is designed to "protect" such industries; and it should be implied more clearly that "protected" industries have special responsibilities to the public which may not be evaded under the plea that the duties imposed are for "revenue." Tariff classifications such as these referred to would help to remove a present element of mystery from the tariff. Its objects might be so clearly defined that the policies offered by political parties for public support could be intelligently understood. If the consuming public is called upon to pay for

"protection," it should be given to understand why, for what period, and for what ultimate purpose: "revenue" must be collected more largely from luxuries and from those best able to bear the tax: "production" must not be handicapped directly or indirectly by avoidable costs.

National Development and the Tariff.

To frame a customs tariff for Canada which will bear with some degree of fairness upon widely separated provinces, having conflicting industrial interests, is a matter of great difficulty. Under such conditions, foreign markets naturally compete both for what we have to sell and for what we buy. The cost of transportation from home producing points may completely offset the effects of a tariff otherwise adequate for "protective" purposes. An increase of duties which would protect the home producer against such competition, if taken advantage of in fixing prices at nearby points, would bear heavily and unfairly upon nearby consumers. While the effect of freight rates cannot be overlooked in framing a tariff for protection, it cannot be a sound policy to base duties upon costs of transportation rather than upon costs of production. In such cases, to penalize production by the operation of a high protective tariff may retard, if it does not seriously imperil, the development of the districts affected. An alternative should be found for a high tariff if these markets are to be retained for Canadian producers; and the needs of exceptional cases should be met without creating new maladjustments at other points. Revenues collected by a tariff designed for "protection" should be available for direct, as well as for indirect, measures undertaken to ensure the success of such a policy. This principle has already found expression in the payment of bounties to the producers of lead and steel; no change of principle would be involved in the payment to railway companies annually by the state of a sum sufficient to secure special freight rates to certain districts, or provinces, under terms and conditions approved by the Dominion Railway Commission. The cost of carrying such a measure into effect should fall upon the "protective" revenues collected by the customs department. The nationalization of our railways would afford an opportunity to make transportation facilities serve such national ends. If, however, the interlocking of American railway freight rates renders this course impracticable other measures should be devised to overcome the difficulties referred to. A wider distribution of manufacturing in-

dustries might be directly encouraged by the government and this policy should receive equally the consideration of established manufacturing companies.

Tariff for Revenue.

It is evident that the largest revenue from commodities of general use will be obtained from a moderate or low tariff. "High" duties would lessen imports, since either the number of consumers will be reduced or the manufacture of the commodities will be engaged upon in Canada. In either case a reduction of revenue will result. The "commodities of general use" referred to are those conventionally accepted as necessaries of life. A "low" tariff will not, however, produce the largest returns in the case of foreign luxuries and commodities which fashion has singled out for special approval. Duties even three times as high as these collected from necessaries may not lessen the demand. The increased cost only makes the articles the more desirable as certifying the spending power of the purchasers. It has been said that the main object of luxurious spending is to put in evidence "the ability to sustain large pecuniary damage without impairing one's superior opulence." There is no good reason why governments should not assist in making luxuries self-evidently expensive. A tariff for revenue is best promoted, therefore, by low duties upon necessaries of life and high duties upon all forms of luxurious commodities.

There is no room for party controversy in the statement that commodities should be easily and cheaply procurable in proportion as they are indispensable to life and health. If, under a "low" tariff, it is not possible to manufacture in Canada articles required by the least well-to-do citizens, such articles should not be made scarce or dear as a result of the tariff. Moreover, necessaries of life are indispensable to production, and commodities indispensable to production are not proper objects of heavy taxation. This is but an indirect way of stating that a "protective" tariff has natural limitations.

Tariff rates should increase proportionately with the cost and fineness of the commodities imported. For instance, in case of floor coverings, some form of which is required in Canada owing to the climate, cheap and substantial carpeting, *i.e.*, hemp carpets costing not more than 6d. per square yard, and wool carpets costing not more than 2s. per square yard, should be admitted at low duties, while higher grades of these materials, together

with all qualities of Axminster, Brussels, Turkish, etc., should bear heavier import duties in proportion to their costliness. If, in the face of low duties, the manufacture of cheap floor coverings can be successfully engaged upon in Canada, so much the better, but if not, the general interest will not be served by their manufacture as the result of "high" duties.

Under the policy advocated, the cost of necessities would not be unduly increased, while the public generally would contribute to the general revenue. As some forms of general taxation are probably necessary, a moderate customs tax may be as little objectionable as any, since the consumer may escape the tax if poverty compels the sacrifice of personal comfort involved in the failure to use "conventional necessities." Luxuries will be made expensive but the cost will fall upon those best able to bear it. Upon the other hand, if the consumption of luxuries is discouraged, capital otherwise consumed and largely wasted will be available for productive purposes. High duties upon all forms of luxuries will prove, therefore, of indirect as well as of direct benefit.

Tariff for Protection.

A tariff for "protection" usually becomes protective by the extent to which the duties upon finished products exceed those upon raw materials. A duty of 30 per cent. does not mean that the home product has a "protection" of the same amount. In the case of woollen clothing, the British preferential tariff is 30 per cent., while the intermediate and general tariffs are 35 per cent. The duty on cloth is the same. Cotton linings carry a tariff of 25 per cent. British, 30 per cent. and 32½ per cent. intermediate and general. Button duties are 20 per cent., 30 per cent. and 30 per cent. respectively. The net protection, therefore, in the case of woollen clothing may be, and in fact is, very "low" indeed. Nevertheless, owing to special features of this industry, it is carried on with great success in Canada. Cotton clothing bears a tariff of 25 per cent., 32½ per cent. and 35 per cent., while the duty on white cotton cloth is only 17½ per cent., 22½ per cent. and 25 per cent. Cotton laces and embroideries are dutiable 12½ per cent., 17½ per cent. and 20 per cent. The "protection" in the case of cotton clothing greatly exceeds that upon woollen clothing. In other cases differences in the net protection resulting from the present tariff are still more marked.

Owing to the present popular opposition to any increase in duties, manufacturers desiring added "protection" seek now to secure a reduction of duties upon raw materials rather than an increase of duties upon finished products. For instance, certain articles are dutiable at 22½ per cent., 30 per cent. and 35 per cent. The materials entering into these are, with one exception, admitted free of duty. The net protection is therefore high. While the consumption of these articles amounts annually in Canada to several million dollars, the annual importations do not exceed \$100,000. In another case the raw materials are admitted duty free while the finished products are dutiable 15 per cent., 22½ per cent. and 25 per cent. This commodity is of a class in which freight charges from competing foreign markets add a further protection.

A study of the Canadian tariff justifies the conclusion that it requires revision in order that there may be a more equitable distribution of protection where protection is necessary and a reduction of duties in the case of industries which do not require their present protection in order to conduct business successfully. Tariff problems are peculiarly complex and will remain obscure until information not now available is collected and analyzed. Without such information the tariff must continue to discriminate without reason and must favor without knowledge that favoritism is being shown. If we are to continue to obtain so large a proportion of public revenue from customs duties, it is of urgent importance that the actual "protection" resulting from the tariff should be measurably ascertained.

Obviously the ultimate measurement of a protective tariff should be the general interest. The added cost to the consumer must be justified by some present or future advantage. Possibly the period for which "protection" is granted should be definitely agreed upon, any extension being dependent upon comparative labor costs. Industries in this way would be notified that they are expected to become self-dependent; that under special circumstances "protection" may be continued; but that the industry must justify itself, since the purpose of a protective tariff is general and not individual advantage. The object clearly is not to ensure excessive profits for capital; the issue of watered stock by "protected" industries is therefore "prima facie" evidence of the necessity for tariff investigation. The honorable the minister of finance in this

connection has recently adopted principles in applying taxation which should find application equally in the tariff.

The result of a protective tariff with clearly defined objects would possibly be the weeding out of parasitic industries. If this is the result, it calls for no defence. The tariff is not designed to bolster up inefficient management, worn-out plants and antiquated methods of production or marketing. Protective duties should be largely based upon the ascertained needs of efficient producers. Many Canadian factories have been content with a smaller proportion of production than is required for economy. Frequently, 25 per cent. more business could have been normally transacted with the same plant and overhead expenses. Greater efficiency is now called for if manufacturing industries are not to become a burden upon agriculture and other primary industries. In 1914, out of a total export trade of \$479,000,000 manufactures contributed only \$57,000,000 or 12 per cent. Industry cannot afford to be content with the home market, leaving to agriculture the burden of paying, as is so largely the case in this instance, for all imports, including raw materials for manufacturing, and the interest on our foreign debt. The proportion of manufactured exports in 1915-16 rose to 28 per cent., largely as the result of war orders; time only will show whether the proportion is permanently altered. For many reasons, it is inadvisable that we should be satisfied with industrial dependence upon agriculture, yet this is involved in the failure of Canadian industries to secure their fair share of export trade. If, by reason of the tariff, manufacturing interests supply only the home market and assume no share of responsibility for the world trade which is necessary for Canadian development, the tariff will again become a storm centre of political controversy. The result may be a change in our system of revenue collection which will have far-reaching effects upon industrial profits.

Tariff and Production for Export.

As a result of our foreign indebtedness we are required to export annually at least \$140,000,000 of products to meet interest charges alone. At the close of the war this huge total may be further increased. We have constructed a magnificent national plant of railways, factories, office buildings and municipal improvements—the time has fully arrived when these must be made productive. We must realize the significance of the fact that our foreign indebtedness exceeds \$3,000,000,000, and that

a large portion of this—possibly not less than \$500,000,000—is represented by expenditures not immediately productive. This indebtedness alone forms an insuperable obstacle to a self-contained policy. With a population of only eight million people we must bear a heavy burden of debt which can be carried and liquidated only by national economy and increased production for export. A careful consideration of all the facts will justify the conclusion that export trade must, for many years, prove the life-blood of Canadian industry.

As stated already, the tariff should not be designed wholly for the benefit either of capital or labor—the interest of the consumer being of equal importance. So, too, the cost of commodities largely governs the cost of production in general and is, therefore, of prime importance in its effect upon export trade. We can sell in foreign markets only if we can market our products successfully in competition with the world. To do this profitably demands production at a minimum of cost or other compensating advantages, and a careful adaptation of our natural resources to world requirements. It would be little short of economic suicide to allow the working of the tariff, directly or indirectly, to handicap this production; on the contrary, private enterprise and public policy must unite carefully and deliberately to promote foreign trade. The third section of the tariff is concerned, therefore, with commodities connected directly with production for export and, as an inseparable accompaniment, with the necessaries of life for home consumption.

In considering the disadvantages which would be incidental to protective duties in the case of such commodities many matters call for careful consideration. Among these are (a) the market prices of necessaries of life in Canada compared with countries which produce in competition for foreign trade; (b) the relative advantages in cost of production, including necessarily the efficiency of labor; (c) trading advantages resulting from favorable costs of transportation and trade treaties.

Protective duties can find no justification if they place Canadian products at a disadvantage compared with competing products; on the contrary, it may be found that necessaries of life, basic raw materials and other commodities required for production should be admitted into Canada duty free. This principle already obtains to some extent in the Canadian tariff; it calls for wider and systematic application. Rebates of duty upon exports in some degree rectify the ill effects of such taxation. There

will remain, nevertheless, as a consequence of such duties an added cost which will either increase the cost of production or weigh with prejudicial effect upon the wage rates of Canadian labor. If revenue requirements render the collection of duties unavoidable, compensating measures should be immediately taken to stimulate the productive efficiency of machinery and labor. Should this alternative be accepted, it constitutes an urgent demand upon the Dominion government for the generous support of trade, agricultural and technical training in order that the increased market value of Canadian national production, either in quality or quantity—preferably in both—may offset the handicap otherwise inseparable from higher costs of production.

We have adopted a policy of protection without taking the measures necessary to develop its logical economic accompaniment—a highly organized and efficient system of production and marketing. In a debtor country such as Canada, if we neglect to accept this further responsibility, protection will break down—must fail, and prove a burden alike to consumers and the working classes.

While nothing should be left undone to secure advantageous trade treaties, it should be realized more fully that in the last analysis the protection which is secured to home industries by improved methods of production and marketing is the only sure and permanent protection. Our duty is to obtain all the advantages which can be secured both by diplomacy and greater efficiency in order to materialize our ambitions for Canadian enterprise and Canadian workers.

The main contention of this argument, however, is that production for export will be the most serious industrial problem soon to face Canada. Such a problem requires the attention of people and governments in order to render sure adequate preparedness; and as a consequence our industrial policy, especially as it is related to the tariff, and our need for trade, agricultural and technical training, call for, and should receive at once, greater consideration from those whose interests are directly and seriously involved.

The Tariff and Employment.

For several years prior to 1914 when the industrial depression set in, capital flowed into Canada at the rate of between \$700,000 and \$800,000 each working day. The

completion of our national building programme brought about, directly and indirectly, the unemployment crisis of 1913-1914. This crisis increased in seriousness until the operation of the war brought to Canada a still larger sum daily as the result of war orders. Owing to this and the withdrawal from the labor market of over 300,000 men by recruiting, the problem of unemployment has been temporarily solved. When the war is over what changes shall have been produced which will prevent a return to the preceding situation—as, for instance, in August, 1914, when despite a considerable emigration, there were no fewer than 30,000 unemployed workmen in Ontario alone? For a time after the war, a demand for building materials of various kinds and some forms of machinery may add to our export trade, but owing to the enormous war debts contracted and the millions of men to be reabsorbed industrially, Europe will buy only what is indispensable to replace the wastage of war and industrial necessities. The fact which we should face now is that our present prosperity is largely adventitious and the prosperity which we expect to follow the war is uncertain and may prove to be but temporary. Unless something is done to improve basic conditions we may experience a financial depression unequalled in our history. Our economic position does not permit us to trade with countries which do not equally trade with us. Trade balances must be made to serve national purposes and the tariff should provide increasingly for preferences as the basis of trade negotiations. The supreme problem for many years will be the direction of labor. The tariff must more manifestly be made a means of bartering products for products as the minimum of our trade requirements. In considering the negotiable value of exports it cannot be too fully appreciated that these are desirable in proportion as they represent Canadian labor and that trade relations should be governed as far as possible by this fact. For example, wood products are of greatest labor value when exported in the form of paper, wood-pulp, door-frames, and other like manufactured products. One result of a contrary policy may be that raw materials required for further processes of production will become scarce and dear, seriously handicapping Canada in its future competition for wider markets. Present interests alone must not be considered; fifty years is a short period in national history, and trade policies should be formed having in view long periods of time and general rather than local, immediate or political interests.

After-War Adjustment.

To appreciate fully the position which will face Canada at the end of the war, it should be realized that possibly 25 per cent. of our entire able-bodied male population will then be seeking anew their places in industrial activities. To whom will they look for guidance if not to the state which they have been defending? What authority in the state will then be so informed as to supply the necessary information regarding available markets for Canadian products and to guide the forces both of labor and capital seeking employment?

Some of the steps which might be taken in advance are:—

Information, so far as can be obtained now, as to the occupational numbers of those who will then seek employment.

Information as to the age, sex, and previous occupation of those whose present employment will cease with the declaration of peace.

Information as to the factory capacity of the different trades in Canada for which employment should be found.

Analysis of imports to ascertain what commodities now imported may be made, or satisfactory substitutes provided, in Canada. In this connection, new protective duties may find justification.

New trade treaties made with countries which desire to exchange commodities. This has special reference to Australia, New Zealand, etc., which will be in a similar economic position to Canada; that is, imports will ultimately be determined largely by the extent of their assured exports.

Immigration is only a detail of the general problem. Whatever under ordinary circumstances and in every year, should be done for immigrants must then be done for all who once again seek employment.

Many opinions have been expressed as to the economic struggle which will be world-wide following the war. In some quarters the gravity of the developing situation may be over-estimated, but it is the part of wisdom simply as a matter of insurance against the unknown to leave nothing undone which will strengthen our economic position. We should be less inclined to partisanship when considering such problems. We shall also have to place less reliance in our good fortune and more upon our ability to plan wisely and with greater comprehensiveness than ever before.

Tariff and International Trade.

Heretofore we have expected imports and exports to find a satisfactory adjustment by means of international trade. Whatever the merits of this method in the past, there is less reason to believe that it will serve equally well for the future. International trading will be seriously affected as an outcome of the war, and will depend more than formerly upon trade alliances and an assured exchange of products. Large use will be made of tariffs as a means of economic rehabilitation; such measures are not necessarily forms of reprisal, but will be required to meet the necessities of the financial situation. It will doubtless be of increasing importance to cultivate chiefly those markets in which is found the closest and most obvious exchange of products. Foreign trade must not be left in future to find as it can a satisfactory adjustment. In Great Britain there is evidence of a widespread desire that British fiscal policy and international commercial arrangements shall find a new adjustment. The present alliance for defence is developing into an economic alliance. Similar measures are now being planned by the Central European powers. There are not wanting signs that the United States may further develop its self-contained policy.

The Tariff and the Empire.

Great Britain, being the largest and most certain market for Canadian products, it may pay us better to purchase our foreign requirements there, even at a slightly greater immediate cost. We may be able to buy, for instance, in the United States many commodities at a less present cost, but it does not follow that such purchases will bear the same ultimate cost. If a portion of our imports from the United States, now amounting to over \$400,000,000 annually, was diverted to British markets, to the same extent we would ensure a market for our own home products. No other market offers the same certainty of demand, and this is not a small matter in shaping a wise national policy. The American market offers no such guarantee of advantage or permanency.

At a meeting of the Association of Chambers of Commerce of the United Kingdom, held recently in London, important resolutions were adopted affecting the future commercial policy of Great Britain. The opening resolution reads as follows: "This association desires to place on record, for the guidance of those who follow

us in days to come, its firm conviction, based on experience of war, that the strength and safety of the Empire lie in ability to produce what it requires from its own soil and factories."

Other conclusions were embodied in a series of recommendations:—

Preferential reciprocal trading relations between all parts of the British Empire;

Reciprocal trading relations between the British Empire and the Allied countries;

The favorable treatment of neutral countries;

The regulation by tariff, or otherwise, of trade relations with all enemy countries so as to render impossible a return to pre-war conditions; and for stimulating the development of home manufactures and the consequent increased employment of native labor.

It is manifestly of great importance that Canada shall bring a judgment based upon ample knowledge to bear upon the problems which arise out of the policy advocated above. The character of Canadian industrial development may be involved in trade treaties soon to be offered for our consideration. Without fully realizing the fact, we rely upon Great Britain to save the situation, as though the problems facing the British people were not already sufficiently serious. It is desirable that Canada should resolutely study its own problems, having in mind our foreign indebtedness and the capital at present locked up improvidently in excessive "plant." Canadian problems cannot be solved by what others think and say, but by what Canadians think and do.

Tariff Problems Require Continuous Study.

The divergent purposes of the Canadian tariff must be made to combine for national ends. These ends are: a fair reward for enterprise, so that capital may be attracted to Canadian industries; a fair wage to Canadian workmen; a fair and economical price to Canadian consumers; public revenues and world markets. It is necessary also at the present time that population should not be further attracted to urban employment and away from agriculture and other primary occupations. Such attraction in any case would necessarily be transient, since a proportionate national development is inseparable from permanent prosperity. There are dangers connected with a lack of adjustment which call for national leadership to prevent the recurrence of trade crises and

the accompanying disaster of widespread unemployment. Proportionate national development demands extensive information as to home resources, world requirements, trade treaties, transportation and banking facilities, and, incidentally, what provision we are making in Canada for technical and trade training and the study of modern languages. In proportion as trade becomes international it calls for consideration by national authorities.

As a first step the tariff should be taken out of partisan politics and provision made for its consideration solely from an economic standpoint. To accomplish this measurably a permanent industrial board should be appointed by the federal government, whose duty would be to investigate the whole fabric of Canadian industrial production. Questions of this character cannot be mastered by haphazard methods. The necessity for the appointment of such a board will be apparent when it is realized that the tariff involves irreconcilable differences between the east and west unless reasonable compromises are brought about as a result of well-informed public opinion. One of the duties of such a body would be to frame a tariff which was not necessarily "high" or "low," and which would not be political, but based upon national interests and the ascertained needs of industry. The value of such a board, although limited to advisory functions under present circumstances, would be indisputable.

An improved system of national statistics is needed by which to judge the effects of the tariff. Such statistics should cover Canadian production as well as foreign in ported products, and should include particulars of the wages paid to Canadian workers, the hours of labor and continuity of employment. A study of these matters may lead to the recognition that power should lie somewhere to secure an adjustment between wage rates and the tariff. Since the rate of duty upon protected commodities is fixed to a large extent by the higher wage rate which it is claimed must be paid to Canadian labor as compared with labor in competing markets, it is not a matter of indifference whether Canadian workmen actually receive this wage. Either wage rates should be made to correspond with the basis of the existing tariff or the tariff should be amended to harmonize with the current cost of labor.

A careful and continuous analysis of imports is equally indispensable to a scientific treatment of the

tariff. Why did Canada in 1913-14 import meats to the value of \$2,000,000; fish, \$2,500,000; eggs, \$2,750,000; butter, \$2,000,000; vegetables, \$3,000,000; and green fruits, \$10,000,000, Surely such importations call for more consideration than they have yet received. It cannot be a matter of indifference, even to those whose sympathies are towards free trade, that Canada, with its vast undeveloped resources, should pay out annually tens of millions of dollars for food supplies which, with little effort, can be produced, or substitutes provided, by our own people. Either we have developed luxurious spending to the border of national danger or production has been dislocated by some artificial cause which calls for speedy and thorough reform.

With up-to-date and disinterested information at their disposal federal ministers would be in a better position to deal with the industrial problems now facing them, as well as those which in the near future will call for speedy action. It is not suggested that the proposed industrial board should hold public hearings—its work is designed primarily to supply information in advance of national issues becoming matter of party controversy. Nor would the work of the board be confined to questions of tariff. Many matters affecting labor are now divided amongst the department of the interior, department of public works, department of labor and department of finance. Information now widely scattered and unrelated calls for continuous instead of spasmodic consideration, and should find a clearing house for general use in deciding problems continually arising, and which will become more urgent, even apart from issues connected with the war. A further important work of the board would be to ascertain the costs of production and marketing and the condition of labor in competitive markets, since it is not possible to shape a wise industrial policy and frame even a reasonably scientific tariff without this information.

The all-round development of Canadian resources does not involve necessarily the sacrifice of general to special interests. Ultimately, the general interest must prove of individual advantage; should this, however, not prove immediately true, there should be no uncertainty as to the intention of an accepted public policy. Compromises may be necessary, and these will more probably be accepted without dividing the country upon the issues involved if they are the result of carefully

weighed and reliable information. The tariff cannot be kept out of politics, but it can be made subject to criticism by intelligent public opinion if the issues are not obscured by party catch-words and misrepresented because of inadequate and misleading information.

It is possible at a time like this to engage upon a policy carefully framed to advance national and imperial interests. Private benevolence may deal best with the problem of individuals, but when whole classes of society are concerned the causes are economic rather than personal, and the subject is for public rather than private investigation. If it is found that much of the wealth produced by millions of workers has hitherto been dissipated in expenditures which are neither wholesome nor necessary, and that the same wealth otherwise distributed or conserved might have built up an economically independent and efficient people, strong measures should be devised to bring about requisite remedies. For national rather than social reasons taxation must be made to fall largely upon luxury and less upon the narrow margin of earnings above living necessities; for national rather than charitable reasons productive ability must be encouraged by a more generous recognition.

Social progress has no obstacle to overcome equal to that arising from the misuse of capital. When the public clearly understand the effect of private luxury and public waste, and the individual as well as national advantages which result from thrift and the conservation of capital for productive purposes there is little doubt that the government would be supported by strong public opinion in the enforcement of an advanced economic and social policy.

In such a policy the tariff plays an important part: Imperial relations can be strengthened; production can be stimulated or handicapped, and can also be guided into desired channels; foreign trade can be secured or discouraged; taxation can be made to bear with some degree of even fairness; new enterprises can be developed; luxurious spending can be discouraged; ample public revenue can be collected; and a large measure of control exercised in regard to the condition and payment of workers.

