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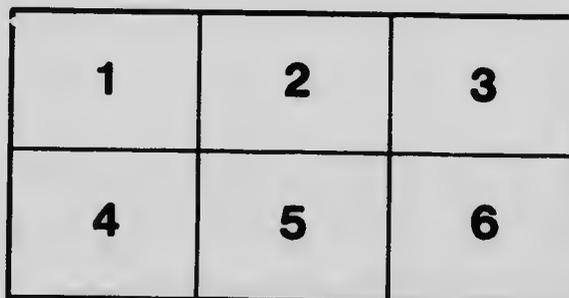
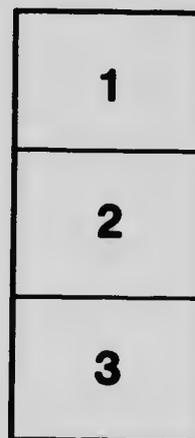
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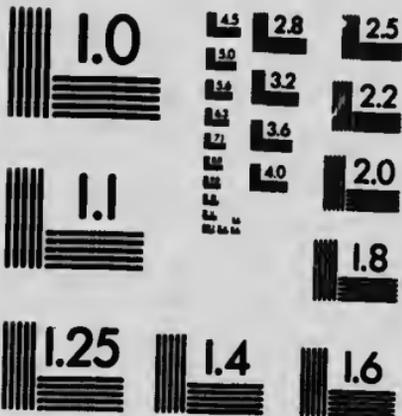
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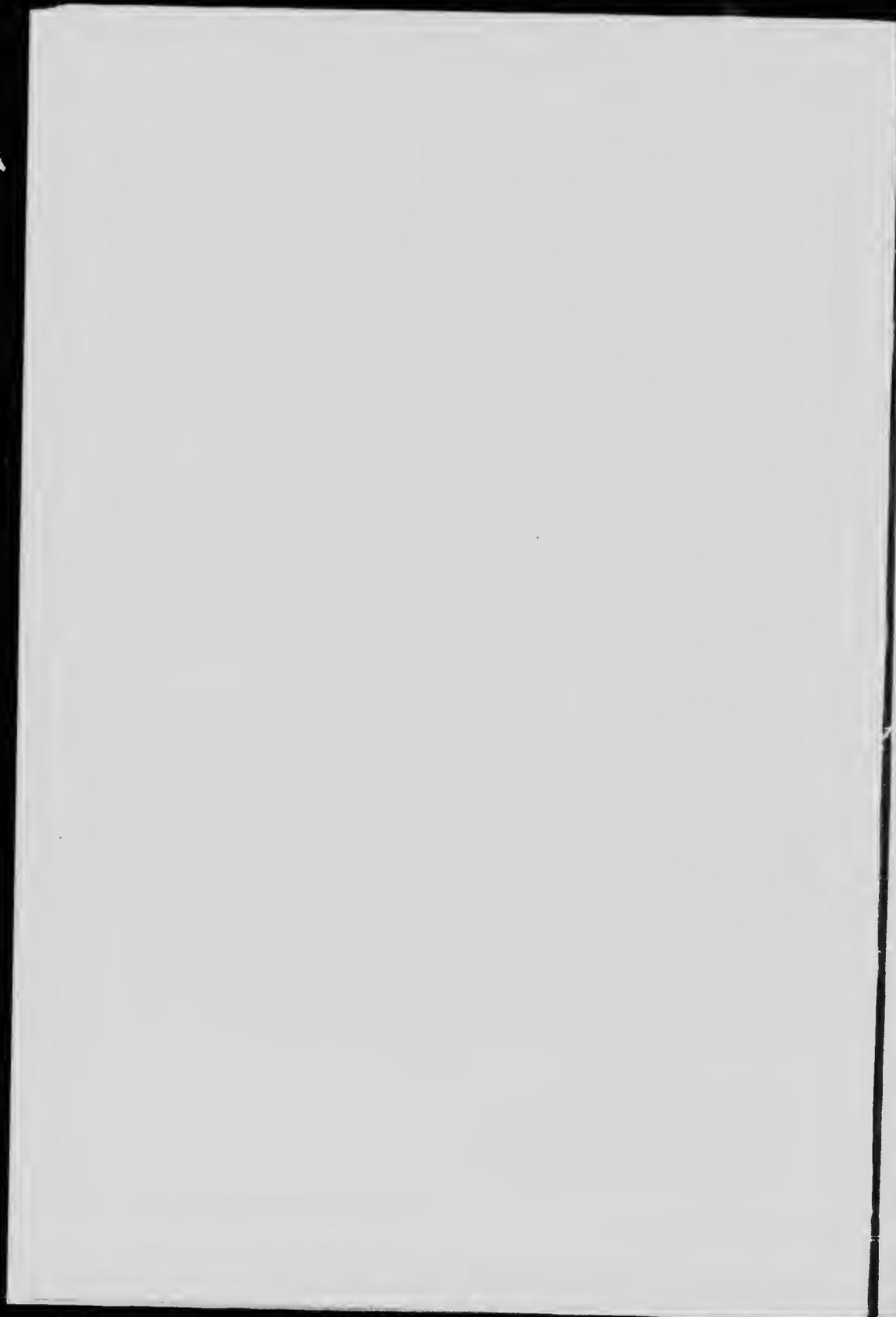
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The Boot and Shoe Industry in Canada

A survey made by the Canadian
Reconstruction Association and
presented to the Shoe Manufac-
turers' Association of Canada.

Toronto, July 1, 1920.

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ACKNOWLEDGEMENTS

This survey could not have been made had it not been for the co-operation of boot and shoe manufacturers throughout Canada. The writer found a general willingness frankly to give information and in not a few instances even to let him examine the manufacturers' books. In many cases considerable time and work was required to prepare the statements requested. There is no necessity to single out individual manufacturers upon whom special demands were made: practically all co-operated to the limit of their ability. The writer wishes to acknowledge also kindness and help from Mr. James Acton, President of the Acton Publishing Company, and publisher of The Shoe and Leather Journal; Mr. F. W. Knowlton, Manager of The United Shoe Machinery Company of Canada, Limited; and a number of retail boot and shoe merchants in Montreal, Toronto, and Ottawa.

S. ROY WEAVER,
Investigation Department,
Canadian Reconstruction Association

THE BOOT AND SHOE INDUSTRY IN CANADA

1. Development of the Industry

Boot and shoe manufacturing was one of the earliest industries in this country. The future historian of Canadian manufacturing will discover a wealth of material in the archives of the Old Regime and the story of the origin and growth of the boot and shoe industry will be found to be closely interwoven with the entire history of Canada. Special research would be necessary for the writing of a connected story, but a few facts of interest relative to the beginning of the industry may be mentioned. In 1667 the Jesuits wrote to Old France that, as a country could not be ~~entirely~~ entirely with the assistance of manufacturers, an industry was already in operation making shoes and hats and another was contemplated for linen and leather. In the same year there were twenty shoemakers in the entire territory now comprising the Dominion of Canada.

That the leather industry prospered is indicated by the statement that in 1671 one-third of all the shoes required for the people of the colony were made out of leather manufactured locally. A tannery was established in Quebec about 1670, and in 1691 we are told that ox and moose skins were tanned in that place. Sixteen years later (i.e., in 1707), an ordinance was passed limiting the tanning of leather to five men, because, it is explained, certain persons living in the country who knew very little about tanning were supplying the shoemakers with leather of very poor quality and injuring the trade of the qualified tanners. The local shoemakers by no means had a complete monopoly of the home market, and apparently boots and shoes which might properly be classed as luxuries were imported on a considerable scale by the official classes.

Canada's first general revenue tariff was enacted by royal edict of February, 1748, with a schedule of specific duties on 305 items and an ad valorem levy of 3 per cent. on all other imported goods. The specific duties were supposedly equivalent to three per cent. ad valorem, too, but according to the local merchants they had been computed on the basis of war prices and in fact represented a much heavier ad valorem charge. Be this as it may, the tariff made imported leather boots dutiable at 1 livre, 10 sols per dozen pairs (1 livre = 20 sols or sous; 1 sol or sou = 12 deniers, currency of Tours); embroidered cloth and heavier shoes at 3 sols per pair; ladies' shoes of embroidered damask at 4

sols, 6 deniers per pair; black leather shoes for men at 1 livre, 4 sols per dozen; and black shoes for women at 18 sols per dozen; children's shoes of all kinds were subject to a duty of 6 sols per dozen.*

AN HONORABLE RECORD

The history of the boot and shoe industry in these early days and also after the passing of the Old Regime is still an unwritten romance. Nevertheless, the material is available to any who will delve for it. A great deal of information about the industry in Canada is scattered through thousands of volumes in the Archives Department at Ottawa, awaiting the industrial investigator. The story is too interesting and too honorable to be left hidden and the Shoe Manufacturers' Association of Canada could make arrangements, at moderate cost, through one of the leading Canadian universities for a professor or a student in political economy to spend a summer or longer in such research work. Similar arrangements might, indeed, be made by many other Canadian industrial groups.

Prior to Confederation and for several decades after, the handicraft system was general and little machinery was employed. The census of 1871 discloses much interesting and instructive information about the condition of the boot and shoe industry at that time. We find that in that year 4,191 establishments were reported as making leather boots and shoes. The majority of these, of course, were not factories in the modern sense, but simply the shops of small customs shoemakers, including probably establishments which did a repairing business along with some customs shoemaking trade. Their aggregate capital was \$3,266,633 and they gave employment to 18,719 persons. The twenty shoemakers of 1667 had been the nucleus of what had become in 1871, in value of annual product, Canada's third manufacturing industry. The flour-milling industry at that time held the foremost place, with the log products industry as a close second and boot and shoe manufacturing as third. The value of boots and shoes made in Canada in 1870 was officially reported as \$16,133,638, or approximately one-third in value of the present annual output. In point of capital, the boot and shoe industry was fourth among the manufacturing industries in Canada in

*The rates in the royal decree are given as "per dozen"; there appears to be no means of ascertaining whether they were levied per dozen boots or per dozen pairs of boots.

†In all the decennial censuses prior to that of 1901, statistics were compiled for all establishments where manufacturing of any kind was known to be done. For this period, an industrial establishment was defined broadly as "any place where one or more persons are engaged in manufacturing, altering, making up or changing from one shape into another materials for sale, use or consumption." In the censuses of 1901 and 1911, the compilation of statistics was limited to establishments employing five hands or more. Still another change was made in 1916, by including all known establishments which had an output in 1915 valued at \$2,500 or more. The principle adopted in 1916 governed the statistical compilations in the postal censuses of production for 1917 and 1918.

1871, lumbering being first, flour-milling second, and the manufacture of foundry and machine shop products third. At that time, 1,965 establishments producing boots and shoes were reported in Ontario; 1,419 in the Province of Quebec; 448 in Nova Scotia; and 359 in New Brunswick. But despite the smaller number of establishments, Quebec produced boots and shoes in 1870 to the value of \$9,074,187 as compared with \$5,025,455 for Ontario, Nova Scotia's output was somewhat over \$1,000,000 and that of New Brunswick slightly below that level. The Ontario shoemakers employed 5,650 men and boys and only 704 women and girls while Quebec, then as now, had the advantage of a larger available supply of female help and, of a total of 9,865 employees in the boot and shoe industry in that province, no fewer than 3,642 were women or girls.

DIFFICULT YEARS

The small unit system of manufacturing in vogue at that time is indicated by the fact that the value of the product per establishment averaged only \$3,850 in 1870, and that the average number of persons in each establishment was only a fraction over four. Nor was this condition of affairs greatly changed at the time of the next census, ten years later. The number of establishments had increased by about 250; the aggregate capital in the industry had about doubled; but small scale production was still the rule. A substantial increase in the average capital investment per establishment indicated a well-defined tendency, however, towards introduction of labor-saving devices and adoption of more modern business methods. The industry in Ontario showed practically no increase in production over this ten year period. The value of output remained stationary, but fewer hands were employed. This reduced employment, too, is attributable partly to the introduction of machinery in some factories. But an even more important factor was the depression which came shortly before 1880, resulting in a heavy mortality of Canadian shoe-making establishments. The year 1878 especially saw many failures. The census of 1881 showed some progress in boot and shoe manufacturing in Quebec, due no doubt to the more favorable labor situation there. In both Nova Scotia and New Brunswick the industry was losing ground. The census of 1881 reported 130 boot and shoe making establishments in Prince Edward Island, 25 in British Columbia and 15 in Manitoba. The industry in Quebec surpassed in value of output, number of employes, and amount of wages paid the combined figures for the other provinces. Nevertheless, boot and shoe manufacturing forty years ago was not confined to one or two provinces and the 4443 establishments were distributed over the Dominion approximately in proportion to population. It was still largely a local

industry despite the fact that a notable machinery development had taken place and that such development was concentrating boot and shoe manufacturing in a few principal districts. This tendency was hastened by failure of many of the factories located in the smaller communities.

The period 1870-80 was marked by the invention of many of the older types of boot and shoe making machines. Before 1870 there was practically no machinery available and it is said that in that year John Holmes, of Toronto, was the first manufacturer in this country to bring in the McKay sole sewing machine. It was installed and operated in a building at the corner of Queen and Victoria Streets, Toronto. Introduction of the McKay sole sewing machine was followed by various edge machines, including trimmers and burnishers, some of them being Canadian inventions. The development was a rapid one and by 1880 most of the larger producers were equipped with the mechanical appliances. The smaller manufacturers found that they, too, had to have machinery if they were to continue in business, and by 1885 the Canadian boot and shoe manufacturing industry was fairly generally equipped with the early types of machinery.

SUBSTANTIAL PROGRESS

The census of 1891, covering industrial operations of the preceding year, revealed a striking increase in the number of boot and shoe manufacturing establishments. The aggregate amount of capital invested in the industry was nearly 50 per cent. higher than that reported in 1880, and the annual output represented a greater value. The number of employes was about 5 per cent less than in 1880, indicating a continued development in the way of introduction of machinery and labor saving devices. The number of persons per establishment averaged only about three and one-third. The increase in the tariff on boots and shoes in 1879, from 17½ per cent. to 25 per cent., undoubtedly stimulated native manufacturing and resulted in the increasing number of establishments. Indeed the 1891 figures show substantial gains in each of the seven provinces—a development directly traceable to the increased tariff protection in 1879. At the same time, 5,129 out of 5,398 establishments reported represented only 6,410 wage and salary earners, or an average of little more than one each. Nevertheless, there had been growing up a number of larger establishments, and in 1890 we find 269 of these each employing five persons or more, with an average for such larger units of more than 40 workers. The introduction of machinery was paralleled by a very marked tendency towards larger productive units and the beginning of our modern factory system. Meanwhile there was a continued concentration of production towards two or three

principal districts. This development had not yet become sufficiently pronounced, however, to displace the more than 3,000 small local shoemakers with their one or two helpers. The competition between the old and the new systems for survival of the fittest was still in progress.

As the decade 1870-80 was notable for the introduction of the McKay sole sewing machine and various edge trimming and finishing devices, so the period 1880-90 saw the adoption of the Goodyear sewing machine, which has revolutionized the art of shoemaking. The Woodleys of Quebec City were the first shoemakers in Canada to employ this machine. The making of fine shoes in this country may, indeed, be said to date from about 1885-90.

LOSSES AND FAILURES

It has been said that 1878 was the blackest year in the history of the boot and shoe industry in Canada. While failures were not as numerous in 1890 as they had been twelve years before, nevertheless the industry was in an unhappy condition which continued for a period of years. The situation at that time is well indicated by a parody of Hamlet's Soliloquy, published in *The Shoe and Leather Journal*, and reading in part as follows:

"To fall or not to fail, that is the question;
Whether it is better in the mind to suffer
The threats and lawsuits of relentless creditors,
Or to take arms against a sea of troubles
And by assigning end them? To fall, to assign,
Give up; and by so doing may we end
The heartache and the thousand financial shocks
That trade is heir to; 'tis a consummation
Devoutly to be wished."

Between 1890 and 1895 the casualty list among Canadian manufacturers of boots and shoes was heavy. Machinery had been brought in from the United States, on outright purchase or on lease, the lessees paying a substantial premium and also the duty. When adversity came there was the inevitable crop of failures, with bargain sales of equipment. The census of 1901 marked a change in the method of enumeration and the returns include only establishments employing five persons or more. This change in itself is a striking indication of the progress which Canada had made towards larger manufacturing units. There were still many small local shoemakers, but their trade was dwindling, and the supremacy of the larger scale producers seemed assured. Whereas in 1890 there were 269 establishments employing five persons or more, in 1900 there were only 179, although this smaller number of factories employed a considerably larger number of workers. Indeed, the 179 larger plants in 1900 were producing boots and shoes representing a value only slightly less than was produced by all the 5,398 boot and shoe manufacturing establishments in 1890. The average number of persons per establishment had increased from 3.34 in 1890 to 76.78

in 1900, according to the census figures. The average capital investment per establishment was \$61,485, as compared with \$1,787 in 1890, while the value of product per establishment was almost thirty times as great. The superior efficiency of larger scale machinery aided production had been demonstrated and the custom shoemaker had been largely outclassed and was fast disappearing.

KEEN COMPETITION

The postal census of 1906, covering manufacturing operations in the preceding year, indicated a continued tendency towards higher average capital investment per establishment, increased number of employes per plant, and higher value of product per establishment. The feature of the returns, indeed, was the reduction in the number of establishments from 179 in 1900 to 138 in 1905, a decline of 23 per cent. In other words, during these five years more than one boot and shoe factory for every five in Canada at the beginning of that period closed its doors. Only the more efficient were able to survive the keen competition both from within the tariff wall and from outside. The industry in 1905 actually was providing less employment than five years before. The aggregate capital investment was almost stationary and the increase in total value of the annual production was small. Net profits had almost disappeared. A single sole leather company reports that 32 boot and shoe factories in which it was interested as a creditor went into liquidation in 1905. It was, indeed, this situation in the industry which the Government sought to remedy by increasing the tariff duty on fine shoes from 25 to 30 per cent. in the tariff of 1906-07. As the sorry condition of the industry in 1878 was met in some measure by an increase in the protective tariff in 1879, so the situation from 1900 to 1905 was relieved to a small extent by the tariff adjustment of 1906-07. By 1910, the industry was in a much stronger position. Encouraged by the higher protective duty in the tariff revision of 1906-07, capital investment was doubled. The number of factories was increased from 138 in 1905 to 180 in 1910, and employment was provided for more than 4,000 additional workers, over and above the number reported in 1905. Indeed the number of wage and salary earners in the boot and shoe industry in 1910 was larger than at any time since 1890 and larger than it has been since 1913, according to the figures of the Dominion Bureau of Statistics.

LIMITED MARKETS

The postal census of 1916, covering operations during 1915, and some accounting periods running into 1916, included a certain amount of war business, and in point of output, etc., appears more favorable on this

account. Between 1910 and 1915 the industry had not been free from serious difficulties. In 1913-14 there had been a series of failures, and the number of shoe plants in 1915 was reported as only 146, as compared with 180 five years before. It is estimated that in 1910 Canadian leather boot and shoe factories produced 12,980,000 pairs; in 1911, 13,980,000 pairs; in 1912, 17,300,000 pairs; 1913, 15,730,000 pairs; and in 1914, only 13,950,000 pairs.* At the beginning of the war the plants were not operating to anything like their capacity. Many firms were losing money while in the case of others profits were very small. For the industry as a whole the cost of materials represented more than 82 per cent. of net sales, leaving an inadequate amount for overhead expenses and return on capital investment. (As stated elsewhere, average profits in 1915 for a number of representative companies averaged less than one per cent. on turnover and only about one per cent. on capital.) A feature which should be noted is that in 1915 the value of output was only slightly greater than the capital investment (1.10) times, whereas, in 1870 capital had been turned over on an average of nearly five times per year; in 1890, almost twice; in 1900, 1.68 times; in 1905, 1.73 times; in 1910, 1.44 times; in 1915, 1.10 times; in 1917, 1.56 times; and in 1918, 1.39 times. Unquestionably the difficulties of the industry before the war were due largely to inability of each of the various plants to market a large output. In boot and shoe manufacturing, as in most other industries, the most successful concerns are those which have a large output on which a very small profit per unit will return a satisfactory percentage of capital investment. In this consideration lies an important justification for a protective tariff. By helping to reserve the Canadian market for domestic producers, it tends to enable the Canadian factories to increase their output. Increased output in turn means lower unit cost and also enables the manufacturer to operate successfully on a smaller profit per unit of product.

NO PROFITEERING

The war record of the industry is reserved for consideration later in some detail. As already stated, when the war commenced in 1914, boot and shoe manufacturing plants in Canada were operating far short of capacity. Lacking organization, there was a free bidding for Government orders at prices which did not represent an adequate return on investment and which in many cases meant an actual loss. Canadian manufacturers did not average more than a few cents net profit per pair on the 2,300,000 pairs of leather army ankle boots, which they supplied at prices varying, at different times, from \$3.66 to \$5.90 per pair. Prices paid by the Dominion Government to the manu-

facturers here were substantially lower than those paid by the United States for similar footwear made in the United States and orders for heavy trench boots were executed by Canadian shoe factories at prices even lower, in some cases, than were being paid in the United Kingdom for a comparable product. Every soldier in uniform in Canada wore made-in-Canada boots while in training and also every Canadian soldier who went overseas wore boots produced by Canadian labor in Canadian factories. Moreover, the Canadian-made trench boot was accepted by the British authorities for active service and orders were placed in the Dominion for Imperial Stores account.

Even before the war Canadian shoe factories were producing high quality, thoroughly reliable, footwear which compared favorably with that imported from the United States. War conditions, despite the difficulties which they brought, gave a decided impetus to the manufacture of fine shoes in this country. In pre-war days comparatively few of the Canadian factories were producing a range of widths comparable with those offered by United States producers. As the slightly increased protection in 1906-07 encouraged the Canadian manufacturers to offer effective competition in the finer lines of shoes, and was partly responsible perhaps for the marked improvement a few years later in the character of Canadian made boots for men, so the war tax and rapidly advancing prices in the United States gave Canadian manufacturers an unique opportunity and resulted in a marked development in the manufacture of widths as well as improvement in style and finish. In a subsequent section import statistics will be analyzed and prices of Canadian made and United States made boots and shoes of like quality compared. It is only necessary here to state that with the exception of certain ultra-luxury specialties, Canadian boot and shoe factories today are producing footwear equal to the best that can be imported, and at prices which in many cases are lower than prices abroad, even without considering the duty.

PRESENT CONDITIONS

The twenty shoemakers of 1667 were simply the forerunners of something like 160 factories today, capitalized at close to \$35,000,000, paying over \$10,000,000 in wages and buying materials worth more than \$27,000,000, annually, much of which is produced by other Canadian industries employing Canadian labor. The net factory selling value of leather boots and shoes produced in Canada annually is now between \$46,000,000 and \$50,000,000. Even at present prices, however, the average production per establishment is comparatively small, being around \$300,000 annually. The average capital per establishment is slightly in excess of \$200,000.

*See Appendix 1.

These figures should be kept in mind in comparing the Canadian industry with boot and shoe factories in the United States and in considering the ability of the Canadian plants to compete with United States establishments without adequate tariff protection. Indeed, the boot and shoe factories in the United States could produce in seventeen days, at their normal rate of production of about 1,000,000 pairs per day, all the boots and shoes required for the Canadian people in a year. More detailed consideration of competition, actual and potential, from the United States, and also from Great Britain, will be considered in a separate section, but the fact cannot too strongly be emphasized that the Canadian industry still consists of comparatively small manufacturing units. Outside of three or four plants, the average production and average investment is small. This situation has been partly due, apparently, to the leasing system under which bench men or others with small capital could obtain equipment and become manufacturers of boots and shoes. Many of these plants, under normal conditions, have made a very meagre return on investment over any considerable period and every cycle of declining prices and slackening demand has menaced their continued existence. Nevertheless, these factories contribute in no small measure to that exceedingly keen domestic competition which constitutes today a very real protection to the Canadian public. Such small factories would be the first to be affected by increasing competition from abroad or by declining prices or reduced domestic demand for Canadian made footwear, and their position needs to be carefully considered before any tariff change is contemplated or other legislation enacted which may militate against the best interests of the industry.

AVERAGE OUTPUT

On an average, the boot and shoe factories

of Canada have an output of not more than 350 pairs per day all the year around, as compared with an average of between 600 and 700 pairs for the boot and shoe factories in United States.* Almost one-third of the Canadian establishments manufacture less than 100 pairs per day and only 13 are producing more than 1,000 pairs daily. The highest production by a single factory in Canada was 4,000 pairs per day in 1916. In 1918 the largest Canadian manufacturing plant was producing only slightly over 2,600 pairs per day, although its output in 1919 was very much larger. One manufacturer in the United States has a daily production of more than 75,000 pairs, or considerably more than all the Canadian plants combined. In connection with the consideration of competition from the United States and Great Britain, it will be shown that the boot and shoe manufacturers in the Dominion do not base and have not at any time based, domestic prices on prices abroad, plus duty, and that Canadian leather boots and shoes in certain lines are today actually lower in price than similar goods sold in the United States.

Montreal properly claims to be the boot and shoe manufacturing centre of Canada. In the Montreal district are some 53 factories producing 46.3 per cent of all the leather footwear made in Canada. Ontario with approximately the same number of factories makes 30.8 per cent of the entire Canadian production. In Quebec City and vicinity are 32 factories with a combined output representing 18.3 per cent. of the whole. In the Maritime Provinces and elsewhere in Canada are some 16 factories making 4.6 per cent. of the entire production in the Dominion.

The following table compiled from official reports by the Canadian Bureau of Statistics, based on census figures, shows how the industry has developed since 1870:

*Since the above was written, the United Shoe Machinery Company of Canada, Limited, has completed its analysis of Canadian production in 1919. The Manager, Mr. F. W. Knowlton, says: "The production per factory per day shows an average of a little over 500 pairs and the total production per day a little over 77,000 pairs, these figures being made up on the basis of 350 days' operation."

THE BOOT AND SHOE INDUSTRY IN CANADA

(An analysis based on the Canadian Government's Census of Industry reports. See second footnote on page 3.)

	1870	1880	1890		1900	1905	1910	1915	1917	1918
			Estab. employing less than 5.	Estab. employing 5 or more.	Total					
Establishments, No.....	4,191	4,443	5,129	269	5,398	179	138	180	146	185
Capital.....	\$ 3,266,633	6,491,042	.....	.....	9,648,639	11,005,869	11,709,165	23,630,649	30,881,172	31,486,345
Wage and salary earners,* No.....	18,719	18,949	6,410	11,631	18,041	13,743	13,040	17,227	15,718	13,013
Amount paid in† salaries and wages..	4,159,896	4,382,584	1,689,903	3,226,561	4,916,464	4,645,007	4,688,941	7,698,333	8,379,836	9,246,744
Cost of materials.....	7,927,155	9,786,745	.....	.....	9,935,281	10,993,979	.....	18,507,535	18,980,004	26,780,543
Value of products.....	16,133,638	17,895,903	6,284,166	12,706,215	18,990,381	18,481,216	20,264,686	33,987,248	34,064,696	49,170,062
Average value of product per establishment.....	3,850	4,028	.....	.....	3,518	103,247	146,846	188,818	233,320	265,784
Average number of persons on wages or salaries per establishment, No.....	4.47	4.26	.....	.....	3.34	76.78	94.49	95.71	107.66	70.83
Value of products per employe on wage or salary.....	\$ 862	944	.....	.....	1,053	1,345	1,554	1,973	2,167	3,779
Average capital investment per establishment.....	\$ 779	1,461	.....	.....	1,787	61,485	84,849	131,281	211,515	170,196
Percentage value of product represented by cost of materials.	\$ 49.13	54.69	.....	.....	52.32	59.49	.....	54.45	57.75	54.47
Percentage of value of product represented by wages and salaries	\$ 25.78	24.49	.....	.....	25.89	25.13	23.14	22.65	24.60	18.81
Percentage of value of product represented by cost of materials and wages and salaries.....	\$ 75.01	79.18	.....	.....	78.21	84.62	77.92	77.10	82.35	73.28

* Includes outside placemakers.
† In some cases commissions to salesmen were not included in the figures reported.
‡ Estimated.

The statistics in the table are taken from the published returns of the Canadian Government Census, except those for 1918, which are preliminary figures based on the Census of Industry and have been supplied by the Dominion Bureau of Statistics in advance of publication. They are subject, therefore, to minor changes but are approximately comparable with the other census returns. There may be some question as to what constitutes a boot and shoe manufacturing establishment. The Government aims to include all concerns with an annual output valued at \$2,500 or more. A few custom shoe makers and other very small producers may be counted even in the 1918 figures. This will help to explain the disparity between official and private commercial records. The United Shoe Machinery Company of Canada places at 153 the number of firms which in 1918 were producing boots and shoes regularly in case lots for either the jobbing or retail trades. For 1910 the United Shoe Machinery Company's records show 180 establishments; for 1915, 151 establishments; and for 1917, 149 establishments.

NO FOREIGN CONTROL

Not only was boot and shoe manufacturing one of the earliest of Canadian industries; it has also been one of the most thoroughly Canadian. The capital employed is almost entirely Canadian, and whatever profits are realized to go to Canadian citizens. There is no control by foreign capitalists. Among the 160 Canadian boot and shoe factories are only two which are branches of American concerns, or in which there is any considerable amount of United States capital, and these two factories between them make only slightly more than one per cent. of all the boots and shoes produced in this country. Men thoroughly familiar with boot and shoe manufacturing in Canada state that they do not know of a single dollar of outside capital, except in these two comparatively small branches of United States concerns. The fact that there is almost an entire absence in the industry of imported capital or control by others than Canadians is a feature which makes boot and shoe manufacturing almost distinctive among the leading industries in this country. It is worth considering why United States boot and shoe manufacturers have not invested to a larger extent in the Dominion: that question, too, will be answered in the following pages.

To a greater extent than many other Canadian industries, boot and shoe manufacturing draws upon Canadian sources of supply for its raw materials and semi-manufactured goods. It is true that we are still dependent upon foreign producers for certain needed materials, but this situation is being overcome rapidly, and the purchaser of the highest grade calf boots made in the Dominion today gets a product which is

more than 90 per cent. Canadian. The leather is tanned in Canada; the linings are made in Canada; and much of the machinery is now manufactured on this side of the international boundary. Canadian boots and shoes represent, in all but a very small part of the materials used, the product of Canadian labor, in co-operation with Canadian capital.

EMPLOYEES AND WAGES

Some criticism has been made of the boot and shoe industry by persons who have divided the total number of employees into the total amount of wages, and taken the result as the average wage. Without entering into any discussion as to the adequacy of the wages paid, it should be pointed out that the average thus obtained by no means represents the earnings of an adult worker. The 1918 figures include 715 boys and 396 girls, all under sixteen years of age, many of them learners in the industry. Analysis of the payroll-or time records for 1918 show an average of 4,394 female wage earners and 7,687 male wage earners for the industry as a whole. The average, too, is somewhat reduced by including outside pieceworkers, of whom there were 430 in 1918, 329 of that number being females. Moreover, the 1918 wage figures do not represent the present situation. Wages today are considerably higher than they were two years ago. The boot and shoe manufacturing industry is competing for help with other Canadian industries and wages are largely determined by supply and demand. A large proportion of the workers are paid on a piecework basis and a skilled operator can always command good wages.

The boot and shoe manufacturing plants in the Dominion with a few exceptions are moderately modern and well equipped. Some of the newer plants are model establishments, in which every effort has been made to provide conditions healthful and attractive to employes. Mechanical equipment is fairly complete. In some instances the leading factories in the United States with a large standardized output can afford to adopt highly-specialized machinery which it would not be economical for plants in Canada to instal because of their smaller production. Nevertheless, as soon as the efficiency and economy of new machinery is demonstrated, Canadian manufacturers of leather footwear are not slow to adopt it.

Canadian boot and shoe men have not been lacking, either, in brains or inventive genius. In this connection, Mr. F. W. Knowlton, Manager of the United Shoe Machinery Company of Canada, in an address before the last annual meeting of the Shoe Manufacturers' Association, said:

"One of the early inventors of what may be considered modern shoe machinery was the late Louis Côté, of St. Hyacinthe, who invented and first used an edge trimming machine with a rotary cutter.

Mr. Coté also made many other machines and devices used in the shoe trade, an important one being a very accurate grading machine of a different type than those that had been used up to the time of the invention."

In this connection fairness to the industry prompts at least a reference to the ingenuity and efficiency expressed in its mechanical equipment. Not a few of the machines are marvellous in their complexity and adjustment and perform operations hardly credible to the man or woman who has not seen them perform. This is especially true of the latest lasting machines which the Canadian factories have been installing during the last year.

NO COMBINE IN INDUSTRY

Officials and superintendents in Canadian boot and shoe factories represent a high average of ability and of thorough familiarity with their industry. It is true that in some cases the managers have been essentially shoemakers and occasionally, perhaps, sound business sense has been sacrificed to the instincts of the shoemaker, sometimes with unfortunate results. During the last few years, however, there has been a growing disposition to apply strict business methods to the conduct of the industry and to an increasing extent the managers are found to be essentially business men. In other words

the industry has been put upon a firmer business basis than it had been in the past.

Contrary to opinions irresponsibly voiced in some uninformed circles there is not, and never has been, any semblance of a combine in the boot and shoe manufacturing industry in Canada. There have been provincial groups, associated with the Canadian Manufacturers' Association, but these have limited their activities strictly to general matters without any interference, or attempt at interference, with the policies of the individual plants. There has been absolutely no price-fixing agreement or understanding and the keenest competition has prevailed. In fact, the provincial groups have not been especially active and have existed for the principal purpose of having some organization to consider any matter of importance which might arise, affecting the industry as a whole. The Shoe Manufacturers' Association of Canada was formed last year as a Dominion organization, but it is only a general trade body, and, indeed, has not even a permanent secretarial organization as yet. Persons who hint at a combine in the boot and shoe manufacturing industry in Canada do so in complete ignorance of the facts. Lack of organization has, indeed, resulted in heavy losses to the industry on many occasions within the last few years.

2. The Prejudice in Favor of Imported Leather Footwear and its Result

Many Canadian manufacturers frankly admit that the prejudice in favor of imported, and particularly of United States, footwear, in some cases in the past has not been without justification. On the other hand it cannot be challenged that in many instances the preference given to imported boots and shoes was unreasoned and opposed to the interests of the Canadian manufacturers and Canadian boot and shoe workers.

Canada has been making fine shoes for 35 years or more. In wearing qualities they have been thoroughly dependable and equal to the world's best. For the most part they have been made on lasts which were exact duplicates of those used in the United States. Nevertheless, there have been obvious considerations which made it impossible, until comparatively recently, for Canadian manufacturers to produce footwear which was on a parity in finish with the finest shoes produced across the international boundary. Nor could the Canadian manufacturer afford to manufacture specialties for which there was only a meagre demand in this country. Again, he could not offer as wide a range of widths as could the producers in the United States with a much larger market. Narrow widths and extreme sizes involve a heavy additional expenditure for lasts, patterns, etc., and the demand for such widths and sizes in this country was so limited for many years as to make it impossible to produce them to sell at as low prices as shoes imported from the United States.

MARKED IMPROVEMENT

Again, it must be remembered that the American shoe industry has been, and still is, more centralized than is the industry in Canada and that in the boot and shoe manufacturing districts in the Republic specialization in operations could be adopted to a much greater extent than in this country. Personnel is of the utmost importance in the production of high grade leather shoes, especially in the finer lines, and in the availability of a sufficient supply of skilled labor the United States manufacturer has, and always had, a decided advantage. It cannot be doubted that for many years the difficulties incidental to labor turnover militated against the appearance of Canadian footwear. The wearing qualities were there but inexpert help on both major and minor operations resulted in many cases in crudely-cut sock linings, soiled linings, hanging threads, careless finishing, etc. In this respect some Canadian factories are not yet above criticism and they still hesitate to spend sufficient money on supervision. Small factories cannot, perhaps, hope to compete with larger organizations in their efficiency of supervision; nevertheless the smaller factories are not

always the worst offenders. Besides, there is danger of overlooking the fact that many boots and shoes made in the United States are not up to a high standard of either materials or workmanship. In finish the average in the past has been slightly higher, perhaps, than in Canada, but the average Canadian boots and shoes excel in materials and wearing qualities. During the war the Canadian product was much improved, and today Canadian shoe factories are manufacturing footwear which compares favorably in finish and style, as well as in serviceability, with the best that can be imported.

The United States market has offered, and indeed still offers, a wider range of grades in both upper stock and sole leather than does Canada. The average quality of the Canadian product was just as high as that offered in the United States, but a Canadian manufacturer who desired to produce boots to compete with the very finest from the United States has been unable to obtain in this country a supply of leather of an extra fine grade that he might purchase in the larger market in the United States. Canadian tanners are producing splendid qualities of leather, and, moreover, have made great advances during the last ten years. Prior, however, to the revision in 1913 of the United States tariff which put leather on the free list, their market was comparatively small and they were not able to adopt a very fine division of grades. Canadian tanned sole leather is equally as flexible as the best produced elsewhere and is not surpassed in wearing qualities, but in some cases the more expensive imported product will take a finer finish.

BUSINESS HANDICAPS

On the manufacturing side of the Canadian boot and shoe industry there have been difficulties which prevented the offering of Canadian-made footwear to compete with certain classes, styles and widths of boots and shoes imported from the United States and which were associated in the public mind with the imported goods. Then, too, it must not be forgotten that costs of production have been considerably higher here than abroad, especially in the case of fine foot-wear in limited demand, and that for a long period fine shoes could be imported and laid down here almost as cheaply as they could be produced by Canadian manufacturers. Imports from the United States were increasing rapidly and the advance in 1906-07 of the general tariff on fine boots and shoes from 25 to 30 per cent. ad valorem was in recognition of this condition. Boots and shoes produced by the leading manufacturers in the United States were widely advertised in this country in the great popular magazines which have a large circulation in the Dominion, and the regis-

tered names and trade marks in many cases were almost household words here. On the other hand, Canadian manufacturers did not have any such advertising. If any name appeared on their products it was generally that of the retailer or an American-sounding name.

Quite as important a factor in the situation has been the retailer who naturally desired exclusive lines. A Canadian manufacturer making the finest grade shoes for a limited market would be obliged to sell to retailers who were to some extent in competition. As a result, many retailers purchased their specialties and extra fine shoes in the United States, while depending upon the Canadian market to a large extent for standard grades. Moreover, the more exclusive and higher priced stores specialized in American-made shoes in a desire to justify their claim to exclusive lines. The former superiority in finish and the more or less exclusive styles in the United States leather footwear became a tradition with Canadian purchasers. Not unnaturally, retailers have catered to the tradition. The fact that shoes were "imported" was at least a talking point. Such business represented an increase in sales and the margin of profit was generally higher than on Canadian-made goods. The revival of that tradition, after whatever justification there may have been for it in the past has ceased, constitutes a danger to the boot and shoe manufacturing industry in Canada.

To what extent the slightly increased protection under the tariff of 1906-07 contributed to the raising of the quality and finish of Canadian boots and shoes it is difficult to estimate. Certainly the last 10 to 15 years has seen a very marked improvement not only in finish, but also in style, range or sizes, widths and specialties. To some extent this development has been forced by the keen competition between domestic producers, but the tariff increase probably helped the Canadian manufacturers to bring their fine shoes into more effective competition with the imported products.

"AMER'CAN" PREJUDICE

For years a surprising amount of the finer lines of Canadian leather boots and shoes, especially women's and girls', has been sold as "American," sometimes by direct and deliberate misrepresentation, but more frequently by equally effective and equally misleading suggestion. Retailers in many cases simply pandered to the prejudice in favor of boots and shoes made in the United States and deceived the public on the principle that such deception was "good for them and saved them money." At least it appeared to be the line of least resistance.

Retail dealers were assisted in supplying the Canadian demand for American made shoes with Canadian shoes by the fact that the retailers had their own stamps used on the finer Canadian made footwear and the

manufacturers' names did not appear. Moreover, there developed the use of a great number of names which suggested United States manufacture. We still find such names as the Yale Shoe, the Boston Shoe, the Bostonian Shoe, the Brooklyn Shoe, New York Shoe, the Liberty Shoe, Manhattan Shoe, Broadway Shoe, the American Shoe, the Fifth Avenue and many others, in recognition of the popular prejudice for the American made product. Even retail boot and shoe establishments in Canada in many cases use and are known under names which suggest that they deal exclusively or principally in footwear made in the United States. Manufacturers claim that fully 20 per cent. of the finer lines of boots and shoes sold in Canada for many years have been sold as American goods. Another instance illustrating the unreasoning prejudice for American goods has come to the attention of the writer: An Ontario manufacturer making both men's and women's shoes adopted for his women's shoes a brand which clearly indicated that they were made in Canada. To use his own words, "The name killed the line." But he was able to develop a splendid sale of exactly the same boots branded with a name, which, to the purchasers, suggested United States origin. Only two accounts are now supplied with the shoe bearing the original brand; all others are taking the same shoe with the American-sounding name.

MISREPRESENTATION

Competition was so keen in the Canadian industry that manufacturers could not afford to refuse the retailers' demands. A few who have consistently refused to mark their product with names which might mislead the public as to the country of manufacture, have lost business and money by such refusal. Other manufacturers have stopped supplying boots to retailers who sold them by direct misrepresentation as of American manufacture. In a few cases, but to the undeserved discredit of the industry as a whole, manufacturers have actually marked their product at the request of retail dealers with such brands as "Made in U.S.A." or "Made in _____ U.S.A." In other cases fictitious names of American manufacturers have been used, such as "H_____ & Co., Philadelphia," with or without a price mark. Needless to say, retailers who resorted to such misrepresentation have not hesitated to charge prices higher than they could have obtained for Canadian-made boots sold as such—and the purchasers have held the tariff responsible for such prices.

The prejudice in Canada in favor of imported goods is not confined to boots and shoes, but indeed, is found to obtain in the case of nearly all items of wearing apparel and particularly of articles worn by women. Canadian manufacturers of blouses, women's

suits, hosiery and many other commodities are now making goods which compare favorably in all particulars with the imported production. Nevertheless, the tradition, especially in reference to the supposed style superiority of United States goods, persists and results in a considerable demand for the imported goods although at higher cost than Canadian products of equal value. This situation, indeed, is not peculiar to Canada; it is so in all countries whose industrial organization is young and where the domestic market is more or less limited. Mr. Frederick Todd, writing in the February, 1920, issue of *The American*, referred to the development of industry in the South American countries of Brazil, Uruguay and Argentine, and continued:

"In Sao Paulo I went through an establishment for manufacturing enamelware, and the junior partner, a Brazilian, who had just returned from an educational course in the States, showed me a new building in the plant, in which workmen were stamping out of waste bits of steel the shapes for manufacturing cheap locks as a by-product. He told me that almost invariably retail merchants represented his wares to purchasers as 'imported.' Sold as 'imported goods' all over Brazil and Argentine, as well as on their frank merits, are great quantities of manufactures, of which there is no adequate statistical measurement. The Argentine Government has just begun a campaign urging merchants to 'play up' the local manufactures, instead of being ashamed of them."

A somewhat similar situation obtains in Holland, and in this connection the *British Export Gazette* says:

"It is a recognized Dutch idiosyncrasy that while Holland is in many respects as well able and as well equipped to engage in manufacturing industries as her neighbours, her activities of this kind are specialized in character, and the population as a whole prefers imported goods. So ingrained is this predilection that Dutch manufacturers have been known to send their products to Great Britain, Germany and other countries, there to be provided with labels, and despatched back to Holland for consumption."

A COMMON PRACTICE

The selling of Canadian boots and shoes as the product of American factories has not been limited to an occasional retail store, but has been a common practice throughout the Dominion, and has been regarded as one of the "tricks of the trade." One has only to glance over the registered brands of Canadian boot and shoe manufacturers to see how widespread has been the use of United States names. The unfortunate result was that the Canadian manufacturers of boots and shoes have not been given the credit which they have deserved for their finer and better grades of footwear, but at the same time they have been blamed for all the shortcomings of the cheaper grades. "Those good American shoes," is an expression which many retailers throughout Canada have heard frequently from customers, in reference to footwear bearing American-sounding names, but made in the Dominion.

The quality of Canadian made footwear is not properly recognized even today by the Canadian public. Nevertheless, war con-

ditions did much to remedy the unfortunate situation which had developed. The war tax of 1915 helped to check United States importations, although at the same time it increased the costs to Canadian manufacturers of materials which they had to buy in the United States. Rising prices in the United States were another factor which contributed towards lessening Canadian buying of boots and shoes made in the United States. Manufacturers south of the International boundary also found that home demands and war orders were taking up practically all of their output, leaving a reduced amount available for export. Importations of boots and shoes from the United States reached their maximum just before the war. There was a considerable falling off in the fiscal year 1914-15, and a still sharper decline in 1915-16, when the war tax was imposed. Importations increased in the Summer and Fall of 1916 and continued up till the Summer of 1917. The prosperity in the Dominion resulting from higher wages and higher prices, and the resultant increase in purchasing power of the Canadian public, doubtless was responsible in a considerable measure for such increase.

TARIFF AND EXCHANGE.

In the early part of 1918, imports of men's, women's, and children's shoes fell off somewhat in value as well as in quantity. Diminished Canadian buying of boots and shoes abroad continued during 1918 and the first half of 1919. The tariff changes announced in the Budget Speech of June 5, 1919, cancelled the war tax on boots and shoes and on some, but not on all, of the materials entering into their production. This undoubtedly involved a slight reduction in the protection to the Canadian manufacturers. On the other hand, the exchange situation has been a temporary factor in discouraging the purchase of United States footwear by Canadian retailers. During the closing quarter of 1919, the value of boots and shoes imported from the United States represented a rapid increase over the figures for the previous year, due largely, of course, to higher prices. In December, 1919, imports from the United States of the finer lines of leather footwear were valued at \$240,196 as compared with \$142,591 for December, 1918. In January the value was \$175,689, in February \$201,332, and in March, \$316,452, as compared with \$148,298, \$225,934 and \$358,108, respectively, for the corresponding months of 1919. The reduced imports in February are explained partly by the higher exchange premium on New York funds and partly by the higher prices of leather footwear made in the United States. In this connection analysis of the import figures shows unmistakably the tendency to increased buying of luxury goods, United States styles in footwear and the products of well-advertised United States shoe factories whenever conditions

are at all favorable. If encouragement were given to the present extravagant buying of imported luxuries, by such reduction of the tariff duty as would decrease the existing difference between the prices in this country of Canadian-made footwear and boots and shoes made in the United States, there can be no doubt that imports would rapidly advance and those Canadians who are prejudiced in favor of imported shoes would buy the products of United States factories at the expense of the Canadian industry and of Canadian workers. In doing so, they would also help to increase the discount on Canadian money and to advance the price to every Canadian consumer of coal and other indispensable imports. The cost of living to the Canadian of modest means would not be lowered by a reduction in the tariff on boots and shoes. Instead it might easily be increased. Certainly it would give a stimulus to the traditional demand for footwear made in the United States factories by United States or other foreign labor.

BUY AT HOME

During the year 1919-20, Canada imported from abroad (principally from the United States) boots and shoes to the value of \$2,731,591. If, instead of buying abroad, building up a foreign industry, paying taxes to a foreign government, and providing the wages of foreign labor, Canadians had purchased footwear made by Canadian labor using mostly native materials, most of this money could have been kept at home instead of swelling the exchange discount against Canada. Moreover, employment could have been provided for at least 600 additional workers and the Canadian boot and shoe industry would have distributed something like \$600,000 more in wages, which in turn would have been used to buy other Canadian-made goods. Nor is this all: in making boots and shoes to supply the increased demand, Canadian shoe factories would have expended directly an additional \$1,600,000 for materials, much of which could have been supplied in Canada by Canadian capital and Canadian workers. It can be shown that in the final analysis payments to the workers represent at least 70 per cent. of the value of most manufactured goods. Buying imported footwear when Canadian-made shoes of equal or better value are obtainable is unfair to Canadian wage-earners. Moreover, it constitutes little less than treason against Canadian industrial stability at a time when home market support is peculiarly needed in order to negotiate without disaster the difficulties of the reconstruction period.

As a result of the increased costs of United States leather boots and shoes, many, even of the so-called exclusive stores in Canada, which before the war stocked four pairs or more of shoes made in the United States to one pair made in Canada, are now reversing that proportion. The improvement in the

quality of Canadian made leather boots and shoes, and more particularly the difference in price in favor of the Canadian product, to an increasing extent are making possible the selling of the Canadian goods on their merits. Several concerns making high grade Canadian boots and shoes are now marking their entire output "Made in Canada." Others, although willing to use such stamp if their competitors do the same, hesitate to do so independently. One Canadian boot and shoe company, which has discontinued the use of names which might be interpreted as implying manufacture in the United States, sent a questionnaire early last year to its customers throughout the Dominion, seeking their opinion as to whether the use of the "Made in Canada" stamp on the company's products would be desirable. Some objection was raised at that time and the plan was not adopted, but the manager of the company proposes again to test the opinion of his customers. Moreover, a few, but only a small minority of the manufacturers, frankly state their belief that the sale of Canadian made boots and shoes would still be harmed by the general use of the "Made in Canada" brand. On the other hand, many of the most progressive boot and shoe manufacturers in the Dominion and others thoroughly familiar with conditions in the industry, express the opinion that the time has come when all Canadian made footwear, especially the finer lines, should be marked "Made in Canada," or with words definitely indicating Canadian origin. A number of manufacturers who have not yet adopted the "Made in Canada" stamp on the soles of their products, have been distributing "Made in Canada" literature in the shoe boxes. Canadian manufacturers, too, are advertising Canadian made boots and shoes to a much greater extent than they have done in the past. In this way they are building up a reputation for their products among the public as well as with the retailers. Canadian trade names are being popularized too, and such popularity will be a valuable asset when competition from the United States or elsewhere becomes more keen.

A FAVORABLE BALANCE

While higher prices of boots and shoes made in the United States are helping to turn towards Canadian producers that part of the domestic demand which formerly was for United States shoes, nevertheless there are still not a few Canadians who insist upon having United States productions even at a considerably higher price. In some instances Canadian retailers, hoping to retain the trade in the more or less exclusive imported lines and also their connection with factories in the United States, are selling the imported footwear on a smaller margin of profit than is charged on Canadian boots and shoes.

Undoubtedly, the present offers an unique opportunity to educate the buying public to the fact that Canadian factories are producing

high grade footwear in all but ultra-specialties, that stylish Canadian leather footwear is obtainable in widths, sizes and lasts to fit almost any Canadian foot, and that widths A to D are now offered even in children's footwear. In the calendar year 1918, the value of Canadian made leather boots and shoes sold in the home market represented about 93 per cent. of the total value sold in Canada, and in 1919 approximately 95 per cent. During the calendar year 1919, exports totalled \$4,047,815, and exceeded the value of total imports, which was only \$2,718,219, and for the first time there was shown a balance of trade in boots and shoes in favor of this country.

WIDER RANGE OF PRODUCTS

It has only been during the past eight years that Canadian manufacturers have been making narrow widths in boots and shoes, and, indeed, the greatest development in this connection has taken place during the war. Considering three of the best known makers of high grade Canadian shoes, we find that one began manufacturing "A" widths in a few lines only some seven or eight years ago. The other two made "A" widths for the first time five or six years ago. Other manufacturers followed, but cautiously and conservatively. At the beginning, the production in the narrow widths was in a comparatively few lines and the expansion to other lines has been essentially a war period development. The manufacture of "AA" widths was commenced four or five years ago and of "AAA" widths two or three years ago. Within the last two years Canadian-made Goodyear welt boots and shoes for children have been offered in a full range of widths from A to D. The fact that narrow widths have not been available generally from Canadian shoe factories until the last few years undoubtedly has been partly responsible for the popular opinion that "a better fit" was obtainable with boots made in the United States. The manufacture of narrow widths and larger range of sizes necessitated a considerable increase in investment in lasts and patterns and a higher unit cost of such widths because of the small demand for them. Nevertheless, the Canadian manufacturers are now producing narrow widths in a considerable range of lines, and a number of the Canadian plants are even manufacturing combination lasts. An efficiency expert probably would criticize the manufacture in Canada of extreme widths and sizes as uneconomical and would advise continued dependence for them upon the United States. But the situation demands that the psychologist as well as the economist be consulted. Production and sale of extreme widths may well be considered by Canadian manufacturers under the heading of advertising, and there appears to be need of an even greater development in this connection.

It may be "uneconomical," but it at least appears to be good business and also desirable in the national interest under the peculiar conditions which at present obtain in the Dominion. There is need especially to keep before retail dealers the wider ranges in sizes, widths and styles now offered by Canadian factories and to continue the education of such dealers away from the hard-dying tradition that except for average footwear they must purchase products from the United States.

EQUAL TO THE BEST

It can no longer be doubted that Canadian-made boots and shoes are available in quality of materials used equal to the best obtainable elsewhere; in finish comparable with fine shoes made in the United States; built on the same lasts as the imported goods; and in such a range of sizes and widths as to fit any natural Canadian foot. Under such conditions an unique opportunity is presented to convince first, perhaps, the retailers and boot and shoe store clerks and then the buying public as to the value, quality, style, etc., of Canadian leather footwear, and so to develop the demand for the Canadian product that after normal conditions return, floor stocks, surplus production in obsolete styles, and job lots, as well as the regular offerings of United States factories, will not prove as attractive to Canadian purchasers as they have in the past. Today Canadian manufacturers are offering boots and shoes at much lower prices for equal quality than the prices at which regular lines of imported goods can be sold in this country. If Canadians can be shown the economy and other advantages of buying leather boots and shoes in Canada, even Canadian visitors to the United States will discontinue the practice, only too frequent now, of buying their footwear across the international boundary.

At the same time the Canadian makers of high grade boots and shoes must not relax their effort to maintain quality and workmanship, and to make their product attractive to the Canadian purchaser. Many manufacturers of fine footwear in this country are not adequately equipped with shoe trees in all widths. In medium priced boots and shoes, there is still a laxness in some factories in supervision and a carelessness on the part of operators in finishing. Nor are certain factories in the Province of Quebec alone guilty in this connection. There are a few plants in Ontario producing boots and shoes of excellent wearing qualities but apparently not particular about other characteristics. A projecting tack point in the sole of a boot or a lump of hardened paste under a badly cut sock lining may do more to harm the reputation of Canadian footwear than would other shortcomings less obvious and less easily corrected, but more serious in respect of durability.

3. Prices, Costs of Production and Profits

Manufacturers of boots and shoes have been to an especial and an unwarranted extent the target of profiteer hunters. The average consumer does not buy a pair of shoes every day, every week, or even every month, and consequently he has not become accustomed to the advancing prices of footwear in the same way as he has to the increasing cost of foodstuffs or other commodities which he buys daily. Nevertheless, prices of boots and shoes have not advanced in Canada to a greater extent than have the prices in general of other commodities. The index numbers of wholesale prices by groups of commodities, published by the Canadian Department of Labor in the monthly Labor Gazette, show an advance in the average wholesale prices of all commodities, from January, 1914, to January, 1920, of 146.4 per cent., while prices of boots and shoes in the same period advanced by only 118.2 per cent. Western grains advanced in price 259.6 per cent; fruits and vegetables, 153.2 per cent; textiles, 206.2 per cent; iron and steel, 124 per cent; and hides and tallow (which are reported together) 154.6 per cent. But the fact that the consumer buys boots and shoes at an average of only about one pair every five or six months per person, has left him less accustomed to advancing costs of this commodity, and impressed to a greater extent by the higher price which he has had to pay on each succeeding purchase.

Not only has the advance in price of boots and shoes not been out of proportion to the increase in the general level of prices, but it has not been as great on a percentage basis as the advance in the cost of materials entering into the production of boots and shoes. A statement prepared by the Internal Trade Division of the Dominion Bureau of Statistics, giving yearly average prices of a number of commodities for each of the years 1913 to 1919, inclusive, shows that at the average

wholesale price in 1913, \$8.27 would buy a pair of men's split leather boots, pegged and of medium weight, a pair of men's box calf boots, Goodyear welt, a pair of men's kip boots, and a pair of women's dongola boots, fair stitch (four pairs in all). The same boots, at the average wholesale price in 1919 would cost \$16.35, an increase of 97.7 per cent. The increase in the price of these four representative pairs of boots, separately, is as follows: for men's split leather boots, pegged and of medium weight, the average wholesale price in 1919 was 55.1 per cent higher than average wholesale price in 1913; for men's box calf boots, Goodyear welt, the average wholesale price in 1919 was 73.3 per cent. higher than the average wholesale price in 1913; for men's kip boots, the average wholesale price in 1919 was 131.3 per cent. higher than the average wholesale price in 1913; for women's dongola boots, fair stitch, the average wholesale price in 1919 was 149.5 per cent. higher than the average wholesale price in 1913.

The same statement shows that the average wholesale price in 1919 of sole leather, oak bends No. 1 was 100.7 per cent. higher than the average wholesale price in 1913. The statement gives quotations on cottons only for nine months of 1919, as the Canadian mills were not in a position to accept further orders after the first of September. The average wholesale price of cottons during the first nine months of 1919, was 190 per cent higher than the average wholesale cost of the same product in 1913.

A Canadian manufacturer of children's shoes has supplied the following table showing approximately the wholesale prices paid by him in each of the years 1914-19, for various items entering into the manufacture of boots and shoes. It has been supplemented by a column showing the approximate prices for comparable first-quality materials in April, 1920:

	1914	1915	1916	1917	1918	1919	April, 1920
Gun metal calf, per sq. ft.	\$.24 4/5	.26	.26-.48	.42-.48	.48-.69	1.24	\$ 1.25 to 1.35
Patent leather, per sq. ft. . . . .	.28	.33	.33-.38	.38-.50	.48	1.25	1.10
Tan calf, per sq. ft. . . . .	.27 1/2	.28	.44-.46	.53-.60	.71	1.36	1.40 to 1.50
Kid, per sq. ft. . . . .	.26	.26	.35	.37	.60	1.25	1.65 to 2.00
Oak soles, per pair . . . . .	.20	.21	.23	.28	.33	.40	.42
Linings, per yard. . . . .	.15	.16	.21	.28	.36-.45	.54	.56 to .60
Weltings, per yard .05 2/5	.07	.07 1/10	.06 51/100	.08 1/10	.12	....	....
Cushion felt, per yard	1.50	1.90	2.67	2.67	3.30	3.60	....
Thread, per spool. 1.74	1.69	2.54	4.69	4.69	4.88	4.73	....
Machines . . . . .	....	....	....	....	{ 70% more than in 1914. . . . . }	....	{ 100-120% more than in 1914. }
Machine parts . . . . .	....	....	....	....	{ 25-35% more than in 1914. . . . . }	....	{ 66 2/3% to 100% more than in 1914 }
Labor . . . . .	....	....	....	....	{ 40% to 50% higher than in 1914. . . . . }	....	{ 60 to 100% higher than in 1914. }

Another Canadian manufacturer, making medium grade women's shoes for the wholesale trade, reports that in 1914 he was only paying from 15 to 20 cents per foot for don-gola kid, which at the end of 1919 cost him from 70 to 80 cents. Cottons for linings before the war cost 8½ cents per yard as compared with 34 cents at the end of last year. Side leather before the war cost 16 to 18 cents per foot, but at the end of last year could not be bought for less than 55 to 65 cents. The increase in the price of gun metal calf was even greater. Before the war it was obtainable at about 23 cents per square foot, whereas at the end of 1919 the manufacturer had to pay from \$1.15 to \$1.25 for it. Soles in 1914 cost this manufacturer 18 cents per pair, whereas at the end of 1919 he had to pay an average of 40 cents per pair. Sheep-skin which before the war cost 7 to 8 cents per square foot, at the end of last year was costing the manufacturer from 18 to 25 cents. Labor costs per pair of boots were more than 50 per cent. higher than they were in 1914. The average factory selling price of boots and shoes made by this producer in 1914 was about \$1.70 per pair; at the end of last year it was \$3.50—an increase of slightly more than 100 per cent. It should be noted, however, that this relative increase in the selling price of the finished product has not been as great as the percentage advance in the prices of most of the materials which enter into the production of boots and shoes.

A very large part of the machinery and machine parts required by the boot and shoe manufacturers is supplied by the United Shoe Machinery Company of Canada, Limited. That company has reported that in April, 1920, the general cost of machinery was about double what it was before the war. On regular machine parts furnished by the United Shoe Machinery Company, the increase in prices over those obtaining in 1914 have been about 66½ per cent. On other parts, which in many cases have to be imported, the increase in cost has been much higher. In addition, it has been difficult to secure deliveries from the United States, and the delays in not a few instances have curtailed production and involved considerable loss.

Labor costs in most of the better grade factories are reported as approximately 100 per cent. higher than before the war. To average wages for the industry is misleading, because of the large number of junior employees and learners and the large number of women and girls. Much of the labor is paid on a piecework basis. Wages vary within a considerable range, being lower in small cities or towns than in the bigger centres, where the cost of living is at least proportionately higher. Generally, wages are considerably higher than in 1918, as shown by the Census of Industry. Recent analysis of the payroll of a moderate-sized average boot and shoe factory in Ontario showed average earnings per employe of \$20.60 per week in 1919, only directly productive labor being taken into

account. If the payments to the heads of departments had been considered the average would have been higher. In the factory in question one-third of the employees were women and girls and two-thirds men and boys. In computing the average earnings, all junior employees and learners were included. On medium grades of work, the average labor cost per pair of boots is now from 90 cents to \$1.10 per pair, with a somewhat lower average on cheaper grades of footwear and a higher average on finer goods. Recent costings show a wages cost running up to \$1.31 per pair on fine boots.

DEMAND FOR SPECIAL GRADES

The special Committee of the Canadian Parliament, appointed in 1919 for the purpose of inquiring into various matters relative to the cost of living in Canada, submitted a third and final report on July 5, 1919, from which the following is an excerpt:

"In boots and shoes your committee found the increase of manufacturers' cost to be about 100 per cent. with a tendency still up, due to the increased price of leather and the advance in cost of labor. In this line manufacturers' profits range from almost zero to a maximum of 17 per cent. Coming to the matter of distribution in these lines (boots and shoes and staple goods), your committee found a greater spread, and the cost of doing business under present conditions imposes a heavy burden on the consuming public. In the case of boots and shoes, the goods go largely direct from the factory to the retail stores where an average spread of from 30 to 50 per cent. is made for staple goods and a much higher one in special lines. In this connection your committee desires to point out that, owing to the evidence before them relating to manufacturers and retailers, it was made abundantly clear that the special or exclusive styles of footwear demanded by the public tends to increase the cost in a very marked degree. It was pointed out, for instance, by one retailer, whose gross margin of profit was the lowest that came under our review, that of thirty pairs of special ladies' boots in stock in 1918, only two pairs were sold in the regular way and the remaining 28 had to be sacrificed at a price less than cost. This instance might be multiplied many times in every retail store investigated."

The average person in buying shoes does not realize the quantity of materials which enter into their production, nor the very large number of mechanical operations involved. The following is a costing of a pair of boots made by E. T. Wright & Company, Inc., St. Thomas, on February 8, 1919, as submitted to the Cost of Living Committee at Ottawa:

DETAILS OF COST

Cost of upper stock: cloth, leather and vamps, trimmings.....	\$1.7372
Cost of buttons, cloth, eyelet facings, top facings, heel pads, hooks and eyelets, laces, leather linings, straps, tongue linings, tongues, inside back stays, trimmings.....	.3121
Cost of bottom stock: counters, heels, inner-soles, top lifts, outer-soles, shanks, taps, box toes, weltings, trimmings.....	1.4325
Cost of findings; cutting room, stitching room, lasting room, sole leather room, making room, finishing room, treeing room.....	.1278

Cost of cases, cartons, etc.; cartons, cases, labels, nails, twine, tissue paper, cement, and wrapping paper.	.0765
Cost of labor; cutting room, stitching room, sole leather room, lasting room, making room, finishing room, treeing room, shipping room.....	.8482
Cost of manufacturing; advertising for help, bags, bank exchange charges, freight, cartage and express, heat, light and power, employers' liability insurance, fire insurance, expense labor, management, salaries, office salaries, interest on loans, cutting room parts, finishing room parts, lasting and making room parts, sole leather room parts, rent, postage, office supplies, sundry manufacturing expense, telephone and telegraph, water, war tax, machinery supplies, bottom stamps, and taxes.....	.0657

Total cost..... \$5.20

The above costing is made on the basis of 6,714 pairs of boots and shoes. The manufacturers' profit in this particular instance would be 40 to 42 cents per pair, out of which he must make good all losses in periods of adversity or arising from fortuitous circumstances. With manufacturers who are able to turn their goods over more rapidly the net profit would represent an even smaller percentage of profit on manufacturing costs. Indeed, the E. T. Wright Company's St. Thomas branch has barely made an "even break" since it was established in 1912, profits since 1916 having only just about covered losses during the preceding four years.

Another manufacturing company,—one of the most successful and profitable in the boot and shoe industry—has supplied the following coatings of a representative pair of men's fine glazed kid boots and a pair of women's fine kid boots, each pair selling wholesale at the present time at \$11.00. The statement shows a manufacturing profit of approximately 10 per cent but in this connection the maker says:

"While we plan upon making a profit as shown we never quite realize as much as this, but continue to keep these figures before us, hoping to do better than if we had not set this standard."

PRESENT AVERAGE MANUFACTURING AND MARKETING COSTS PER PAIR OF BOOTS

	Men's fine Glazed Kid	Women's fine Glazed Kid
Machinery Cost.....	\$.057	\$.055
Wages cost.....	1.273	1.166
Cost, f.o.b. factory, of kid facings, uppers and tongues	4.752	5.152
Cost, f.o.b. factory, of sole leather.....	1.252	.746

Cost, f.o.b. factory, of counters and toe boxings.....	.068	.135
Cost, f.o.b. factory, of findings	.481	.491
Cost, f.o.b. factory, of insoles and fillers.....	.402	.260
Cost, f.o.b. factory, of linings.	.210	.300
Cost, f.o.b. factory, of heels.	.100	.078
Factory overhead expenses..	.609	.783
Total manufacturing cost	9.204	9.160
Cost of distribution and marketing including advertising and wholesale selling expenses.....	.715	.704
General office expenses.....	.066	.048
Manufacturer's profit.....	1.015	1.082
	\$11.00	\$11.00

TRADE HIGHLY SPECIALIZED

The actual making of a pair of shoes to day involves something like 200 operations, and the use of more than 100 machines. In fact, one can readily enumerate 135 machines actually furnished for the making of the Good-year welt shoe without considering different types of machines doing similar operations. The lay buyer of shoes would also be surprised if he knew the amount of materials required to supply his footwear needs. An average of no less than three square feet of leather is needed for the uppers of a pair of women's boots and 2½ square feet for a pair of men's ankle boots. For certain fine lines of Canadian made boots for women almost four square feet of kid are required. If calf is used, boots in similar styles take between 3½ and 3¾ square feet of leather for the uppers alone. In addition, a very considerable quantity of stock is needed for the soles, counters, insoles, and heels, as well as linings, Goodyear-welting, cork fillings, findings, etc.

MANUFACTURERS' PROFITS

The evidence taken by the Special Parliamentary Committee on the Cost of Living supplies much information as to the profits of boot and shoe manufacturers. The first representative of the Canadian boot and shoe manufacturing industry called before that Committee was Mr. T. H. Rieder, President and Manager of Ames-Holden-McCready, Limited. This company was organized in 1910 and took over the business of the Ames-Holden Company, Limited, and the James McCready Company, Limited, both of which were old firms in Montreal, one having been established in 1853 and the other in 1870. The new company has outstanding \$2,500,000 paid up preferred stock and \$3,500,000 of common stock. Until June 26, 1919, no dividends had been declared on the preferred stock for a period of five years, and no dividend has ever been paid on the common stock. On July 2, 1919, a dividend of 1¾ per cent. was paid on the preferred shares. On

October 1, 1919, and again on January 2, 1920, the company paid dividends of 13½ per cent. on the preferred stock, but the holders of 7 per cent. cumulative preferred stock have only received an aggregate dividend payment of 5½ per cent since June 30, 1914. The charge is frequently made that the Ames-Holden-McCready capitalization represents considerable so-called "water." Be this as it may, the preferred stock certainly does not represent more than a fair appraisal value of the company's assets, and even if the entire common stock be treated as "water," the interests of the public have not suffered, inasmuch as no dividends have ever been paid upon such stock, nor can any be paid upon it for a period of years at least. The holders of the common stock of the Ames-Holden-McCready Company have never received a dollar of return on such shares.

La Compagnie J. et N. Coté, St. Hyacinthe, Quebec, has been one of the successful shoe manufacturing concerns in this country. During the last six years, including the war period, which, in general has been probably the most prosperous in the history of the boot and shoe manufacturing industry in Canada, the company averaged 4¼ per cent. on its turnover. Until five or six years ago the business was paying a dividend of 8 per cent. For the year ending September, 1914, the profit was only \$6,666 upon the capital investment of \$60,000 and proportionately large cash reserves accumulated out of past earnings. Since that time the company has been making considerably larger profits, and during a period of six years has averaged net profits of 13 per cent. on capital and reserves. It should be pointed out, however, that the larger part of this profit was not derived strictly from manufacturing. The company was fortunate in purchasing large supplies of leather on a rising market, and to some extent took advantage of such increased values in determining the selling prices of boots and shoes. The concern could have sold its leather at a substantial profit to other manufacturers or for export, and in estimating manufacturing costs it would appear to be unfair that such foresighted manufacturer should be expected to value his leather holdings at the original cost price to him instead of at the replacement value or at a value somewhat less than replacement cost, but, nevertheless, higher than the original purchase price. The profit resulting from higher market prices of raw materials on hand could have been taken quite as readily by stopping all manufacturing operations. In this connection, in fairness to Canadian boot and shoe manufacturers generally, it should be stated that during the entire period of rising prices the industry as a whole based its selling prices on an average of the cost of leather and other materials and not on the current market quotations. In a number of cases, however, concerns which had brought heavily at low prices did take a profit on such stocks of materials.

Of the profits of La Compagnie J. et N. Coté, a not inconsiderable part resulted from payments on account of a cancelled contract. The firm had accepted a contract from the Government for trench boots at a very small margin of profit. About the time of the armistice the contract was cancelled before the company had made large commitments, and at a time when it had manufactured only 5,000 pairs out of a total order of 25,000 pairs. The Government offered one dollar per pair on account of that part of the contract which was cancelled and this was accepted by the company. A speculative profit due to a rising market or a profit due to such accidental cause as cancellation of contract cannot reasonably be regarded as representing the earning power of an industry under normal conditions. Even at that, an average profit of 4¼ per cent. on turnover, or between 20 and 25 cents on a pair of boots selling at the factory at \$5 per pair, and retailing at from \$7 to \$7.50 per pair, does not appear to be excessive, although it is higher than is made normally by many other manufacturers.

DETAILS OF COSTS

A third concern whose financial affairs were explored by the Cost of Living Committee was the Hydro City Shoe Manufacturing Company of Kitchener, Ont., which has been doing business for some nineteen years. Dividend payments during the past seven years have averaged slightly less than 6 per cent. In 1916 no dividends were paid, but for 1917 and 1918 the company paid 12 per cent., and for 1919 dropped back to 6 per cent. Last year, according to sworn testimony, the company's net profit averaged only 8 9-10 cents on every pair of boots manufactured. Following is an interesting portion of the official report of the proceedings of the Cost of Living Committee during the examination of Mr. N. B. Detwiler, President and Treasurer of the Hydro City Shoe Manufacturing Company:

Q.—Do you know from memory, without going through your cost sheets and records, what your profit is?

A.—That represents about a turnover of 50,000 pairs.

Q.—This represents a turnover of 50,000 pairs and your net profit was \$4,496.15, a little over eight cents a pair?

A.—I am ashamed to say it.

Q.—Eight and nine-tenths cents, so you think that is a correct statement.

A.—That is a correct statement.

Q.—An absolutely correct statement?

A.—Absolutely.

Q.—So that your profit on a pair of shoes would be less than nine cents?

A.—We have been less than ten cents all along."

EVEN SMALLER PROFITS

The profit statement of E. T. Wright and Company, Inc., St. Thomas, the Canadian branch of E. T. Wright and Company, Inc., Rockland, Massachusetts, showed even smaller profits when considered over a period of years. The Canadian factory started operating in 1912 and up till 1916 was operated at a heavy loss. On a capital investment at present between \$115,000 and \$120,000 losses aggregated \$47,743.34. Since 1916, however, the company has been making some profits, and total gains from that time up to May, 1919, amounted to \$43,354.68; still leaving, however, a net loss from 1912 to 1919 of more than \$4,000. In addition, it must be remembered that considering this whole period there had been absolutely no tangible net return on the capital invested. During the six months' periods ending December, 1916, and May, 1917, the company showed a very fair return on its investment, but this apparently was more or less of a speculative profit, due rather to fortunate buying and the advance in the replacement value of materials in stock than to any other factor. It, too, can hardly be considered as a straight manufacturing profit. Whatever gains have been made have been due almost entirely to rising prices of raw materials which the company had bought in advance of its manufacturing requirements.

There are, of course, a few boot and shoe manufacturing plants in Canada which have been making satisfactory profits consistently both during the war period and before. In any industry there will be found individual businesses which by reason of location, advantage in labor supply, or differential managerial ability, are able to prosper where others fail. Differentials in earning power are everywhere throughout the organization of business, both big and little. Nevertheless, there are two noteworthy facts which in themselves afford convincing evidence that boot and shoe manufacturing in Canada has not returned excessive profits for any protracted period, even to the most favored and most ably managed plants. In the first place, the boot and shoe industry in the Dominion does not boast a single millionaire. The second striking fact is that the influx of United States capital and the location of branches of United States factories, which have been features of many other important industries in Canada, have been notably lacking in the case of boot and shoe manufacturing. Two small branch factories have been established, both of them during a boom period in this country, but despite their connection with large and successful organizations in the United States and the application of the most modern business methods, neither of these companies has made even bank interest on the money invested, averaging their returns over the entire period that they have been manufacturing in the Dominion. Even with the assistance of war conditions one of

these companies has only barely made good the losses incurred in the first few years of its location in Canada, while the other was losing money before the war and, despite the fact that considerable money has been spent in Canada by the home company previous to the establishment of a Canadian branch in advertising the company's shoes, the Canadian establishment has averaged a net profit of only a fraction of 1 per cent. on its turnover, and even now is little more than making bank interest on its investment in manufacturing.

ABSENCE OF MERGERS

Still a third noteworthy feature of the Canadian boot and shoe industry is the absence of mergers. With the exception of the Ames-Holden-McCreedy organization, there have been no important combinations in the industry. All these facts—the absence of men of much accumulated wealth, the fact that Canada has not been considered a profitable manufacturing field for United States boot and shoe manufacturers, the lack of any large measure of success attending the two small branches established here, and the absence of any tendency towards mergers or combinations—would seem to indicate that boot and shoe manufacturing has not been excessively profitable.

Profits on turnover run from almost zero to a maximum of about 10 per cent, but comparatively few concerns have been making more than 5 per cent, even during the war period. Most of the companies aim at 5 per cent. on turnover, some at 8 per cent., and a few at 10 per cent. There appear to be only about half a dozen boot and shoe companies in the Dominion which are making 8 per cent. or more on their turnover. On the other hand many concerns have been making little more than two per cent. There is considerable disparity in the number of times capital is turned over per year, and the rate appears to be smaller in the case of manufacturers making the finer lines. It is perhaps to be expected that companies producing staple and more or less standardized lines and selling to the jobbing trade should be able to show a more rapid turnover than the manufacturers of the finer lines. Percentage of net profit in relation to turnover has, on the average, not increased during the war, or at least has increased only slightly. Where larger profits have been made, in many cases even with large and successful organizations, the average profit on turnover has actually been reduced and sometimes to a very notable extent. Higher profits, if made, have resulted, in most cases, from increased business rather than higher percentage profit on each unit of output.

NO EXORBITANT PROFITS

To compare returns on capital invested is apt to be misleading. One instance has already been cited of a company with a nominal capital of \$60,000, but with reserves

accumulated out of past earnings over a period of years which bring the total investment to \$145,000. In a number of other successful companies, nominal capital does not represent either the actual money invested or a fair appraised value of plant and equipment. One manufacturing concern, which for many years has put back into the business a large percentage of its earnings, has a nominal capital which represents only a fraction of the value of its present productive assets. The value of plant and equipment has gradually been written down on the firm's books, which is only another way of putting back earnings into the business. The value of the company's land is several times its book value. Nevertheless, for purposes of taxation only the nominal capital value, plus cash reserves, are considered, and excess profits taxes are charged on this unfair basis. The whole point is that nominal capital value, with or without reserves, is an unfair and misleading basis for the computation of profits. On such a basis a firm with much watered stock would appear as earning a most moderate profit, while the profits of a company, which by long and consistently sound business practice had conservatively written down the value of its assets or in other ways turned back part of its annual earnings into the business, might represent a high percentage of nominal capital, but might be only a fair or even meagre return on the total amount of money invested. Even on the capital basis, however, there are extremely few cases which could possibly be taken as suggesting even restrained profiteering. Profits on turn-over have been so low on the average that profits even on nominal capital, with the possible exception of one or two cases, are not large and in no case could be considered as exorbitant, when all the circumstances are taken into account.

A MENACE TO THE INDUSTRY

Even the most skilfully-managed manufacturing plants and those enjoying strategic advantages in various ways have not been reaping the differentials to which such advantages normally would entitle them. It is a principle of economic theory that prices are determined by the costs of production of the "marginal" producer, i.e. the manufacturer who has the highest costs, yet is able to exist and continue in business. In the boot and shoe industry to a greater extent than in most other Canadian manufacturing fields, the "marginal" producers consists of a large number of concerns with comparatively small capital which spring up in any time of rising prices and take a speculative profit, yet fall by the wayside as soon as any reaction develops. These manufacturers in many instances have totally inadequate costings systems and as soon as competition becomes more keen they are tempted or forced to cut prices below production costs until their resources are

exhausted and they join the long list of hoot and shoe casualties. The springing up of such ephemeral manufacturing concerns may have been due in some measure in the past to their ability to obtain machinery on lease and to start in operations on a small capital investment. They have been a drag on the industry, especially in time of depression, and their influence has tended to reduce the business of well-established manufacturers, to increase competition, to keep prices below a reasonable return and to retard development of more permanent manufacturing organizations. Indeed, the batch of boot and shoe manufacturers who are potential "casualties" as soon as domestic buying slackens and prices decline is large and constitutes a positive menace to the more stable producers. The Census of Industry figures indicate that a number of small plants were started between 1915 and 1917, as a result of the high prices prevailing. Already the tendency is towards a reduction in the number of such establishments.

WAR BUSINESS

While it is true, in general, that the war period and the months which have elapsed since the armistice was signed, have been profitable for the boot and shoe manufacturers, it is a mistake to assume that the boot and shoe manufacturers have made large amounts of money out of war necessities. The fact is that the Government bought boots and shoes more cheaply in relation to manufacturing costs than they did probably any other commodity. Again referring to the evidence before the Cost of Living Committee, we find that the Ames-Holden-McCready Company made an average net profit on war orders of 2.60 per cent. of the selling price. As the average price of war boots supplied by this company to the Government was \$4.80, the company's profit was only 13.14 cents per pair.

Additional information relative to profits on war orders is found in the Proceedings and Evidence of the Special Committee on the Boot Inquiry appointed during the parliamentary session of 1915. It will be recalled that in 1914, just before the commencement of the war, the boot and shoe factories in Canada were decidedly slack and there was very keen competition for business in order to keep their organizations intact. Accordingly, when it became evident that the Government would have to buy army boots, manufacturers offered prices closely approximating the actual cost, based upon the estimated prices to them of materials. In evidence given under oath, Mr. Thomas Conly, Superintendent of the John McPherson Company, Limited, Hamilton, showed that the cost of manufacturing boots supplied to the Government at \$3.85 was not less than \$3.82. Even this cost apparently did not include the higher cost of outer soles to meet the Government specifications and

the John McPherson Company made practically no money on such Government business.

LESS THAN ONE CENT

Again, Mr. George A. Slater, of the George A. Slater Shoe Company, Montreal, showed that on boots which he made for the Government at a price of \$4.00, the cost to him was more than \$3.99 per pair, leaving a net profit of less than one cent per pair.

Mr. John S. King, President of the Relindo Shoe Company, Toronto, testified that the manufacturing cost on the first order from the Government was \$3.62. The cost of selling to the wholesale trade was about 2 per cent., and presumably would be about the same on sales to the Government. This would bring the cost to \$3.69½ per pair, leaving a net profit of 15½ cents per pair to the manufacturer. On the second Government order, the cost of manufacturing was \$3.77 or with 2 per cent. added for selling expenses, \$3.84½. The contract price was \$4.00 in this case, leaving a net profit of 16½ cents per pair or about the same as on the first order. The manufacturers of fine shoes in many cases actually lost money on the Government contracts. The reason for this was explained by Mr. Wm. S. Duffield, Secretary-Treasurer of the John McPherson Company of Hamilton, who pointed out that the cost of manufacturing army shoes in a fine shoe plant must necessarily be higher than the cost in a factory devoted to the manufacture of the heavier and less finely finished boots. Mr. Duffield said:

"A factory that is making fine goods will have to have more inspection of their goods going through than a factory manufacturing heavy stuff that does not have that inspection. We have to have a more expensive superintendent and more expensive foremen than The manufacturers of the cheaper goods can beat us all to pieces."

This explains why, even at the low prices paid for army boots supplied to the Government, the finer boot and shoe factories in the Dominion made little or no profit, and in some cases actually lost money on each business. It also explains why some of the factories usually making heavier staple goods were able to clear a small profit.

With possibly one exception, the Special Committee on the Boot Inquiry failed to discover any evidence of high profits or commissions. With this single exception the statement may safely be made that no manufacturer in the Dominion made more than 16 cents per pair on army boots and the average net profit did not exceed ten cents per pair.

PRICES ACTUALLY LOWER

It has been shown that the profits of Canadian manufacturers on army contracts were meagre. Comparison also shows that the prices paid by the Canadian Govern-

ment for army boots were actually lower in nearly every case than those paid by the United States Government for comparable footwear. On the first two contracts placed by the Canadian Government in 1915, the price for ankle boots with storm calf uppers was fixed at \$4.10 per pair. Prior to this time and after the declaration of war, orders were placed on the basis of tenders and at prices ranging from \$3.66¾ to \$3.85 per pair. At the same time the United States Government was paying practically the same price for boots of much lighter and cheaper material. In August, 1915, the Canadian army boots were made of side leather and contracts were let to the lowest tenderers, the prices ranging from \$3.84½ to \$5.40 per pair. During this period the United States Government was paying from 10 to 15 per cent. higher prices than was the Canadian Government, and in the manufacture of the United States boots lighter weight upper leather was used and also lighter weight soles, which meant lower priced materials. In September, 1918, the authorities at Ottawa bought Canadian pattern boots at \$5.40 per pair, while the Washington Government was paying \$6.45 per pair for the American marching boots. The latter were still made of lighter weight leather than the Canadian Army boots and were certainly of no better wearing quality. For the British pattern boots contracts were let by the Canadian Government at prices ranging from \$5.40 to \$6.00, the last contract being at \$6.00. About the same time, September, 1918, the United States Government was paying \$7.17 per pair for the American field boots which were made on the same principle as the British pattern boots and with the same grade of leather. In September, 1918, the Canadian Naval Department bought naval boots from the Canadian manufacturers at \$5.00 per pair, while at the same time the United States Government was paying \$5.99 for similar boots. The increases in prices paid by the Governments of Great Britain, the United States and Canada for army boots were due to the increased cost of leather and of other materials used and to increased labor cost.

NOT U.S. PRICE PLUS DUTY

Under normal pre-war conditions, wholesale prices of leather footwear in Canada were somewhat higher than the wholesale prices of comparable goods made in the United States. Temporarily, the difference between Canadian and United States prices has largely disappeared, and this fact in itself is fairly good evidence that Canadian manufacturers have not been basing their prices upon United States prices plus duty. Again the sworn evidence before the Cost of Living Committee may be invoked. There are two, and only two, branches in Canada of United States Shoe factories—Messrs. E. T. Wright Company Inc., St. Thomas, and

the Regal Shoe Company, Toronto. Mr. J. A. Sullivan, representing Messrs. E. T. Wright & Company, in his evidence before the Committee on the Cost of Living, said that the manufacturers' prices at the parent plant in the United States for some lines were about the same as those of the branch in Canada, and for some lines 35 or 40 cents lower.

A comparison during March of this year of boots, absolutely comparable, manufactured in Canada and in the United States showed the following:

Description of boots	Selling price to Retail Trade	
	In the United States	In Canada
Gunmetal calf.....	\$10.00	\$10.75
Patent colt.....	10.25	10.00
Black vici kid.....	10.25	11.75
Tan calf.....	10.50	11.25
Brown kid.....	12.00	13.50

The Canadian plant producing the boots on which this comparison is based had a daily output of not more than 400 pairs while the United States company was making 4,000 pairs per day.

The comparison shows that the greatest disparity in prices in Canada and in the United States is in the case of boots made of fine kid, nearly all of which leather has to be imported. On calf boots the difference is less, as fine calf is tanned in Canada, and boot and shoe manufacturers can buy in the home market. A large plant in Toronto (the biggest of its kind in the British Empire), produces as fine patent leather as is available anywhere in the world and it is no doubt largely due to this fact that the Canadian wholesale prices of patent leather footwear are slightly lower than prices in the United States for comparable goods. In many cases, too, the spread in price between the boot and shoe factory and the consumer is higher in the United States than in Canada and present retail prices of leather boots are little, if any, higher here on calf or even on kid boots and shoes. Prices in Canada and the United States have been in about the proportion indicated above for months: last Fall prices to the retail trade of absolutely comparable footwear, of the same quality materials throughout and built on the same lasts,—boots made by a parent company in the United States and by the Canadian branch of the same concern—were \$9.35 and \$10.00 per pair in the United States and \$10.00 and \$10.50 per pair, respectively, in Canada.

AMERICAN EVIDENCE

Mr. E. C. Nightingale, Vice President of the American Volunteers in the Canadian Expeditionary Force, in evidence on April

15, 1920, before the Parliamentary Pensions Committee at Ottawa said that "a pair of shoes costing \$10.50 in Canada would cost \$16 or \$17 in the United States." Without questioning Mr. Nightingale's sincerity, the statement would seem to be an exaggeration, but there is reason to believe that certain lines of footwear have been actually cheaper in Canada than in the United States. Merchants in some of the border cities in Canada have been advertising across the boundary and have been attracting United States customers to their stores. Indisputable evidence that the normal disparity between Canadian prices and those in the United States has largely disappeared is furnished by the fact that Canadian manufacturers in several instances have been selling in competition with United States manufacturers.* For nearly two years one of the leading Canadian manufacturing firms has been selling its regular lines of fine Canadian-made calf shoes direct to the retail trade in the United States. The company started in the United States market by selling officers' high boots, but found that there was a demand for regular lines, and is now selling exclusively for the civilian trade. On a recent date it had on its books orders from the United States to the aggregate of \$30,000 including business from Baltimore, New York, Boston, Philadelphia and Chicago. These goods were sold in the United States at the same prices as were charged in Canada, and, in addition, the Canadian manufacturer has had the advantage of exchange, so that the prices which he has received on sales in the United States actually have been from 5 to 15 per cent. higher (on the basis of Canadian currency) than prices obtained in Canada for similar goods. The Canadian producers selling in the United States are also entitled to a drawback of the duty paid on imported goods actually entering into the manufacture of such boots, so that their profits on such business are substantially higher than those on goods sold in this country. This would apparently indicate, too, that the profits of United States boot and shoe manufacturers must be considerably higher than those made by the industry in Canada. If it had not been for the development of the Canadian boot and shoe manufacturing industry, and if Canadians had had to depend upon United States factories for leather footwear during the war, undoubtedly they would have been required to pay higher prices than those charged for the domestic product.

LOWER PRICES GENERALLY

Nor is it only in the finer grades of boots that Canadian prices for months have been as low as, and in some instances lower, than prices in the United States, grade for grade.

*During the twelve months ended with March, 1920, Canada exported boots and shoes to the United States to the value of \$360,874. During the corresponding periods of 1917-18 and 1918-19 such exports were valued at \$347,971 and \$400,641, respectively.

The situation is even more favorable to Canada in regard to the heavier and lower-priced footwear. Shoemen who have been in United States cities recently and have made comparisons of prices are almost unanimous in the statement that in most staple lines prices in Canada are as low as, and in some instances slightly lower than, those in the United States, without taking into account either duty or exchange. A comparison on kid shoes, supplied by a large Canadian retailer, shows that Canadian prices, while generally somewhat higher, are by no means higher by the full amount of duty.

Before the latest advance in Canadian wholesale prices, leather footwear in a considerable number of lines was cheaper in Canada than in the United States, sometimes to the extent of 10 per cent. At least a partial explanation of this apparently anomalous situation is found in the practice of Canadian boot and shoe manufacturers of buying leather considerably in advance of their requirements. Six months' stock is the usual holding of leather by many Canadian manufacturers and selling prices are figured usually on the basis of costs of production, including the cost of leather at the time purchased and not the market quotation at the time the boots are sold. At any rate Canadian boot and shoe manufacturers have not taken full advantage of the rise in the leather market. Competition keeps the price down. On the other hand, the United States manufacturers buy close to the market, often purchasing their leather from week to week and rarely carrying more than one month's supply at a time. As a consequence there have been sharp seasonal advances in Canadian prices while United States prices have been increasing by smaller, but more frequent, advances, and have conformed more closely than in Canada to the market quotations on leather. While this has given the Canadian public an advantage during the period of rising prices, the practice of holding considerable stocks of leather may be unfavorable to the Canadian industry on a declining market, and the manufacturers in this country may be forced to bear the loss while competitors in the United States will already have passed on to the consumer the cost of high-priced leather and other materials, selling as they do on or near to the last market quotation.

AVERAGE PROFITS

It is difficult to arrive at any exact figure as a true statement of the present average profits being made in the boot and shoe industry or at average profits over a period of years. The detailed financial statements covering the war period, which were called for by the Cost of Living Committee and carefully analyzed by experts, showed, as already stated, that:

"In this line (boot and shoe manufacturing) manufacturers' profits range from almost zero to a maximum of 17 per cent." (i.e. on capital).

The Grain Growers' Guide has repeatedly charged the boot and shoe manufacturers with profiteering and, more recently, Hon. T. A. Crerar has charged the industry with taking excessive profits under protection of the customs tariff. The Grain Growers' Guide, Mr. Crerar and others, have invoked the reports of the Dominion Bureau of Statistics in connection with the Censuses of Industry in support of their allegations. In this connection, however, I have received a letter from Mr. R. H. Coats, Dominion Statistician, dated February 27, 1919, in which he says:

"The question as to how to obtain a statement of net manufacturing profits is one that cannot finally be answered from our Census of Industry any more than a statement of farming profits can be answered from our Census of Agriculture. We could, of course, insert a question asking every firm what its net profits were during the year covered. We avoid this, however, because our inquiry is made with broad, economic purposes in mind, and not for regulative action, which as above stated, can be based only on intensive investigation into the whole range of business management."

FALLACIOUS ARGUMENTS

Mr. Coats' statement shows the utter fallacy of taking an incomplete list of manufacturing costs enumerated in the Census of Industry, deducting the aggregate of such reported costs from the value of product, and assuming that the remainder represents net profit. As a matter of fact, the Census of Industry does not specifically include, and has not specifically included, in any of the Censuses of Industry, the items of depreciation, allowance for bad debts, interest on borrowed money, or travellers' commissions. It is true that there is a space for "Other Sundry Expenses," but there has been no uniformity on the part of manufacturers in making reports under this heading, and the Chief of the Statistical Department of the Dominion Bureau of Statistics, who, under Mr. Coats, has had charge of the Census work for many years, is authority for the statement that the Department has not expected manufacturers to include such items under the heading, "All Other Sundry Expenses," or, indeed, to report them in any other form under the heading, "Miscellaneous Expenses." Some manufacturers have included these items as "Other Sundry Expenses," but many have not, and the lack of uniformity makes it impossible to give any reliable estimate of net profits on the basis of the Census of Industry figures alone. To overcome this difficulty the Canadian Reconstruction Association sent a questionnaire to more than thirty representative boot and shoe manufacturing companies. These included manufacturers of all classes of leather footwear, both the fine grades and the staple lines. They included the most profitable businesses in the industry as well as some which were not so prosperous. In this questionnaire information was requested as to total net sales in

certain specified years and also the aggregate of all expenses other than wages, salaries, and costs of manufacturing materials. By taking the percentage which such other expenses bear to net sales, and averaging these percentage figures for a considerable number of representative plants, it has been possible to arrive at a fair and approximate estimate of total expenses in each of the years under review, other than wages, salaries and cost of manufacturing materials. These latter items (wages, salaries and cost of manufacturing materials) during each of the years are available from the Census of Industry figures and may be accepted as approximately correct, or at least as the best record immediately obtainable. On this basis it can be shown that for the year 1915 or for the manufacturers' fiscal year most nearly conforming to the calendar year 1915, average net profits for the firms reporting were less than one per cent. on turnover and only about one per cent. on capital. Undoubtedly the latter part of 1914 and the early part of 1915 was a period of heavy losses for the industry, but the history of boot and shoe manufacturing in Canada shows that such periods of depression and stagnation have been recurrent—more frequently recurrent, indeed, than in many other industries which are better organized and in which there is not such keen domestic competition. There was no Census of Industry for 1916, and consequently it is impossible to use this method of arriving at profits in that year. Business was much better, however, than in the previous year. In 1917, the "peak" of profits during the war period was reached, due largely to profits by reason of higher inventory values following the advances in the prices of leather and other supplies. Profits in that year on the basis already explained, including manufacturing profits and speculative profits on stocks of raw materials, amounted to 11.66 per cent. on turnover and 18.21 per cent. on capital investment. These figures would, of course, be considerably reduced by the payment of the business profits war tax during the year succeeding. The period of comparatively high profit-taking was only of short duration, however, and the figures for 1918 show that profits were again greatly reduced, although they are still considerably higher than in the lean period early in the war. The average profit for 1918 for the firms reporting, was 5.29 per cent. on turnover and 7.37 per cent. on capital. Official statistics are not available for 1919, but there is reason to believe that the cost of materials and wages and salaries represented quite as large a proportion of the value of the total product as in 1918, while other expenses were proportionately higher. Output, however, was larger in 1919, in value and also in the number of pairs, than in the year preceding, so that while profits represented a smaller percentage of turnover in 1919,

the percentage on capital probably would be about the same as for 1918.*

That profits have not been large over a long period of time is indicated by the number of boot and shoe manufacturing concerns which have gone out of business in Canada during the last thirty-five years.

Partial List of Boot and Shoe Manufacturing Concerns which have failed, encountered financial difficulties necessitating reorganization, or discontinued business for other reasons.

The following list has been prepared from the records of bad debts of sole leather manufacturing companies or from information supplied by other manufacturers, or from other sources. It covers the period approximately from 1885 to date. The majority of the firms listed have failed. In other cases the businesses never were bankrupt, but were discontinued because the manufacturers found that there was little or no money to be made in the industry. It should be pointed out that the natural successors of a few of the firms included are among the most successful concerns in the boot and shoe manufacturing business to-day. In some instances firms have been reorganized a number of times, due to financial difficulties or other reasons. Although probably still incomplete, nevertheless the list is sufficiently extensive to afford striking evidence that boot and shoe manufacturing in Canada has not been without its risks, and that many of the concerns which have commenced making boots and shoes in this country found that competition was exceedingly keen and profits generally low. It should also be noted that the casualty list covers practically all parts of the Dominion.

- Archibald & Turner.... Montreal, P.Q.
- Allandale Mfg. Co. Allandale, Ont.
- Barrie Shoe Co. Barrie, Ont.
- J. H. Botterell Com-
pany. Quebec, P.Q.
- Booth & Langan Montreal, P.Q.
- G. Bresse. Quebec, P.Q.
- J. T. Brown & Com-
pany. Guelph, Ont.
- G. Broulette & Com-
pany. Quebec, P.Q.
- Boyd Bros. Toronto, Ont.
- Charlesworth & Co. Toronto, Ont.
- C. Charron. Montreal, P.Q.
- J. J. Christie & Com-
pany. Winnipeg, Man.
- Clement, Lafleur &
DeCarrie. Quebec, P.Q.
- Canada Shoe Company. Brampton, Ont.
- Canada Shoe Company. Nanaimo, B.C.
- G.N.W. Shoe Company,
Ltd. London, Ont.
- J. F. Clark, Ltd. Montreal, P.Q.
- F. C. Clark, Limited. Montreal, P.Q.
- B. Crepault. Quebec, P.Q.
- Copper & Smith. Toronto, Ont.

*Profits for 1920 will be much lower; although the present acute situation may improve somewhat it is plain that war-time prosperity for the industry has passed.

Dack, Forsythe & Lester Toronto, Ont.
Wm. Damer & Son Toronto, Ont.
A. Dubois & Co. Montreal, P.Q.
A. A. Durkee Company. Truro, N.S.
Dominion Shoe Co. Quebec, P.Q.
J. A. Dube & Company. Montreal, P.Q.
Demers & Company. Quebec, P.Q.
Eagle Brand Manufacturing Co. Montreal, P.Q.
Elkman Shoe Company. Brampton, Ont.
John Evans & Co., (Successors to Walker, Evans & Co.) Toronto, Ont.
Excelsior Shoe Co. Toronto, Ont.
F. C. Fader New Brunswick
F. & B. Shoe Company. Montreal, P.Q.
L. Gauthier Quebec, P.Q.
John Garrett Co. Hamilton, Ont.
Guay & Company. Quebec, P.Q.
Henry Griffith Quebec, P.Q.
T. Geoffrion Quebec, P.Q.
Gingras, Morin & Co. Montreal, P.Q.
H. E. Hamilton Toronto, Ont.
J. D. Hepburn Preston, Ont.
Hercules Shoe Company. Montreal, P.Q.
Harvey & Van Norman (Successors to Orr, Harvey & Co., Hamilton, Ont.) Toronto, Ont.
Harvey & Van Norton. Quebec, P.Q.
J. C. Hemond & Co. Montreal, P.Q.
John Holmes Toronto, Ont.
J. H. Hamilton Shoe Co. Sherbrooke, P.Q.
Ideal Shoe Company. Elmira, Ont.
Keedy & Co. Toronto, Ont.
The Keing Shoe Co. Kenora, Ont.
The King Shoe Co. Owen Sound, Ont.
Lyman Shoe Company. Montreal, P.Q.
James Leggatt Montreal, P.Q.
Laidlaw, Watson & Co. London, Ont.
J. H. Laroche. Quebec, P.Q.
J. S. Langlois Quebec, P.Q.
Levis Boot & Shoe Co. Quebec, P.Q.
Langlois & Langlois. Quebec, P.Q.
G. Lafleur & Decarie. St. Henri, P.Q.
G. Lamarchi & Co. Montreal, P.Q.
John McPherson & Co. Hamilton, Ont.
McLeod, Hawthorn & Company Montreal, P.Q.
Milton Shoe Company. Milton, Ont.
C. E. McKeen Shoe Co. Quebec, P.Q.
Meyers Shoe Company. Montreal, P.Q.
R. S. McDowell & Co., Ltd. Amherst, N.S.
McDermott Shoe Co. Montreal, P.Q.
Octave Migner Quebec, P.Q.
Thos. Migner Quebec, P.Q.
Migner, Boucher Co. Quebec, P.Q.
Mullarky & Company. Montreal, P.Q.
Marsh & Polly Quebec, P.Q.
Orr & Christie Winnipeg, Man.
Polley & Tobin Quebec, P.Q.
Pinkerton & Turner Montreal, P.Q.
Poirier & Chartrand. Quebec, P.Q.
Henry Porter & Co. Montreal, P.Q.
W. H. Polley & Son. Quebec, P.Q.
J. Plamondon. Quebec, P.Q.
Perfect Shoe Company. Montreal, P.Q.
C. E. Roy Quebec, P.Q.
J. Richer Company. Montreal, P.Q.
Rock Shoe Company. Quebec, P.Q.
Racine & Dion. Quebec, P.Q.
Rowen & Ogg Guelph, Ont.
Sequin, Lalime & Co. St. Hyacinthe, P.Q.
J. & T. Stephens Montreal, P.Q.
G. A. Senez & Co. Quebec, P.Q.
Senez & Smith Quebec, P.Q.
Schryburt & Company. Quebec, P.Q.
I. St. Pierre. Three Rivers, P.Q.
R. Smardon & Son. Montreal, P.Q.
Sharpe and McKinnon. Montreal, P.Q.
Senez & Company. Quebec, P.Q.
Samson & Thebadeau. Quebec, P.Q.
Stratford Shoe Co. Stratford, Ont.
Shediac Boot & Shoe Co. Shediac, N.B.
C. Thibault. Montreal, P.Q.
Wm. Thurston & Son. Toronto, Ont.
I. D. Thurston. Montreal, P.Q.
Tetrault Shoe Company. Three Rivers, P.Q.
Tedd Shoe Company. Toronto, Ont.
J. D. Tedd. Montreal, P.Q.
E. Thivierge. Quebec, P.Q.
John Taylor. Toronto, Ont.
(Successors at Iroquois, Ont.)
R. Taylor & Co. Halifax, N.S.
Tanguay & Lefleur. Quebec, P.Q.
G. Tremblay & Son. Quebec, P.Q.
Thompson Shoe Co. Montreal, P.Q.
Thompson & Savage. Montreal, P.Q.
Turner Valliant & Co. (Successors to John Turner & Co., Toronto) Toronto, Ont.
Unique Shoe Company. Toronto, Ont.
Union Shoe & Leather Co. Winnipeg, Man.
Victoria Shoe Company. Toronto, Ont.
O. Vinette & Co. Montreal, P.Q.
Whitney and Brown. Montreal, P.Q.
Whitham Shoe Co. Montreal, P.Q.
Jas. Whitham & Co. Montreal, P.Q.
Williams Limited. Galt, Ont.
W. H. Willis Shoe Co. Seaforth, Ont.
G. L. Williams. Brampton, Ont.
Winn & Co. Milton, Ont.
Winn Company. Perth, Ont.
Winn Shoe Company. Perth, Ont.
Williams Shoe Company. Brampton, Ont.
Williams Shoe Co. Galt, Ont.
Watson Holmes & Co. Hamilton, Ont.
J. & J. Woodley. Quebec, P.Q.
Jas. Woodley. Quebec, P.Q.
J. E. Woodley. Quebec, P.Q.
Jos. Woodley. Quebec, P.Q.

FURTHER CASUALTIES

One sole leather factory has furnished the names of no less than fifty-eight insolvent Canadian boot and shoe manufactories in which it has been interested as a creditor. Of this number fourteen of the failures occurred between 1890 and 1894, five in 1895, two in 1896, four in 1900, and three in 1904, or since that time. Another leather tannery (and not the largest tannery

in Canada at that) lists thirty-five boot and shoe manufacturing concerns which have become insolvent since 1900.

Mr. James Acton, in the Shoe and Leather Journal for September, 1910, published over his own signature an informing review of three decades in the boot and shoe industry. He recalls many names which are practically unknown as boot and shoe manufacturers to the present generation, including the Damers; King & Brown; J. D. King & Co.; John Taylor; Turner & Valliant; Stevens, Glass & Clark; Hepburn (of Preston); Jas Linton Co.; Pinkerton & Turner; Booth & Langan; Cochrane, Cassils & Co.; Fogarty & Bros.; Mullarky & Co.; Henry Porter & Co.; Thompson & Savage; G. Boivin; R. Hemond et Fils; Jas. Whitham & Co.; I. D. Thurston; G. Bresse & O. Migner; J. H. Botterell & Co.; Henry Griffiths & Co.; S. Woodley; Sequin, Lalime & Co.

The following are significant extracts from Mr. Acton's article:

"The seat of the fine goods trade thirty years ago was largely in Ontario, and many retailers will remember the position that the shoes made by Damer, King & Brown, followed by J. D. King & Company, occupied in this province at least . . . The two Damers withdrew from the original concern and went into business on their individual accounts.

. . . King and Brown, who had originally been travellers for a local cigar house, continued and built up a business second to none in this country. *Charlie Brown, a little later, forsook the shoe business for the carriage trade, in which he was engaged for many years.*"

"Mullarky and Company were pioneers in the export trade and opened up business in Great Britain. Mr. Mullarky was a typical Irishman of great wit and unflinching humor, who was unfortunately most unsuccessful in his many ventures in the shoe business."

"James Whitham was a fine old gentleman personally, but . . . the fact that his capital came almost entirely from outside tied his hands. He entered the insurance business some time before he died."

"The Pinkerton & Turner concern became afterwards Archibald & Turner . . . the concern being taken over finally by the Archibald interests, Mr. Archibald being in the tobacco business. Albert Turner, like G. Boivin, had the one-piece shoe hug. He left for the United States after withdrawing from Archibald & Turner."

"Booth & Langan, who succeeded to the business of Robert McCreedy & Company, were only in business a comparatively short time on St. Peter Street (Montreal). Mr. Booth afterwards became accountant for J. & T. Bell during Mr. Hagar's regime. *They made good shoes while they were at it but did not seem to make financial headway.*"

"The foundation of the Marsh business (in Quebec City) was laid at this time when W. A. Marsh formed a partnership with W. M. Foley and opened a small factory on St. Valer Street . . . Foley failed . . . and died a few years ago in the States."

"There were a number of other smaller concerns in business at Quebec at the time which was just beginning to make its influence as a shoe manufacturing centre felt. Quite a number of 'syndicates' were formed by operatives who took it into their heads that there was big money in making shoes. *Two or three years later there was an epidemic of failure, which demonstrated that knowing how to make shoes is not the highest qualification for running a successful shoe factory.*"

"St. Hyacinthe was another shoe centre in Quebec that took on rapid growth. The principal factory there was that of Sequin, Lalime & Company, who made high-grade staples which were in such demand that the concern ran to its fullest capacity. Joe Sequin was in charge of the manufacturing end and certainly turned out good shoes. J. B. Lalime had the office management and was known as a man of sterling honor and exacting business principles. They picked their customers, as do all who can sell more than they can make. *The firm failed some years later in a period of stress in the shoe business.*"

4. Why the Industry Needs Protection

Coupled with the unfair and untrue allegations of excessive profiting in the Canadian boot and shoe industry there has been a demand for reduction of the tariff duties. Before considering the effect of such proposed reduction, it will be of interest to review the tariff history in so far as boots and shoes items are concerned, and to co-ordinate tariff changes and the import figures.

In 1867, the tariff on boots and shoes stood at 15 per cent. ad valorem, and in the year ended June 30, 1867, Canada imported boots and shoes to the value of only \$61,685, including imports from the United Kingdom valued at \$17,099 and from the United States at \$38,562. At that time Canada was producing at home an even larger percentage of Canadian requirements of boots and shoes than is being supplied by home manufacturers today. From 1867 the value of boots and shoes imported increased steadily to 1877. The tariff was advanced from 15 per cent. to 17½ per cent. in 1874, but the increase was insufficient to protect small unit shoemakers of the Dominion against increasing competition from the rapidly developing industry in the United States. From 1867 to 1872, imports from the United Kingdom increased much more rapidly than those from the United States, and in the latter year, out of total imports valued at \$272,580, those from the United Kingdom amounted to \$141,922, and those from the United States to \$122,359. After 1872, British imports began to decline, while imports from the United States increased rapidly until 1877. In the fiscal year 1876-77, this country imported boots and shoes to the total value of \$302,111, of which imports from the United Kingdom represented \$34,496, and imports from the United States, \$265,458. Between 1872 and 1877 imports from the United Kingdom declined by 75.69 per cent., while imports from the United States increased by 116.95 per cent. In the tariff of 1879, the duty on boots and shoes was increased from 17½ to 25 per cent., and the effect was very apparent in the import figures. It was also apparent in the Census of Manufactures in 1881, which showed a considerable increase in the number of establishments, a large increase in capital, and some increase in production. Imports dropped off from a value of \$200,150 in the fiscal year 1878-79, to \$107,852 in the fiscal year 1879-80, imports from the United States and from the United Kingdom suffering in about the same proportion. Total imports did not again reach the 1876-77 mark until 1892-3. The national policy tariff of 1879 unquestionably saved, and greatly stimulated, the boot and shoe industry in the Dominion and made possible the modern development of shoemaking in this country.

COMPETITION FROM ABROAD

From 1897 onward, imports of boots and

shoes again began to assume rather serious proportions, competition being principally from the United States, although imports from the United Kingdom also showed proportionately large increases. In 1906 our total imports of boots and shoes were valued at \$1,283,004, of which imports from the United States were responsible for \$1,214,353 and those from Great Britain, \$66,629. The increase in imports was principally in the finer lines of shoes, and advancing imports were accounted for apparently by the rapid development of the boot and shoe industry in the United States, larger unit output there, and consequently lower unit cost.

In the tariff revision of 1906-07, under the general schedule, the customs duty on boots and shoes pegged or wire fastened with unstitched soles, close edged, was left at 25 per cent., but on all other boots and shoes the duty was increased by 5 per cent. This small increase in the tariff apparently was not sufficient to check the rapid upward movement of imports. In the fourteen years, from 1900 to 1914, total imports of boots and shoes increased in value from \$542,180 to \$4,349,587, an increase of 702.24 per cent. The increase in imports from the United States during this period was 590.12 per cent., and in imports from the United Kingdom no less than 6,762.95 per cent. British imports in the fiscal year 1899-1900 were valued at only \$9,623, and this was only about half the average in the year immediately preceding and the year immediately following. Nevertheless, even if we average imports from the United Kingdom in 1899, 1900, and 1901, we find that British imports increased nearly forty-fold between 1900 and 1914. The greatest increase in total imports during this span of 14 years occurred in the boom period between 1909 and the early part of 1914, when imports from the United States were almost trebled in value.

BRITISH PREFERENTIAL DUTIES

The significance of the very marked increase in imports from the United Kingdom ought not to be overlooked. In the fiscal year 1908-09, the value of imports of boots and shoes into Canada from the United Kingdom represented less than 8.5 per cent. of the value of imports from the United States. In 1914, imports from Great Britain were 18.1 per cent. of imports from the United States. British competition in this market not only with Canadian manufacturers, but also with United States manufacturers was looming as a factor of considerable importance before the war. In this connection it should be noted that imports from the United Kingdom, both absolutely and relatively to imports from the United States, up to the beginning of the war had been increasing practically since the inauguration of the British preferential tariff in 1897 at one-eighth off the general rate

until June 30, 1898, and thereafter at one-fourth off the ordinary duties, and more particularly since the British preferential was increased to one-third in 1900. In the tariff of 1906-07, the British preferential tariff was changed from a fixed percentage of the general rate to definite ad valorem rates or specific duties. Between 1900 and 1906 the rates on boots and shoes had been as follows: General tariff, applicable to imports from the United States and all foreign countries, 25 per cent.; British preferential, three-quarters of general rate, or 18½ per cent. In the tariff revision of 1906-07, the general rate on boots and shoes pegged or wire fastened, with unstitched soles, close edged, was left at 25 per cent., but the duty on imports from the United Kingdom was reduced slightly to 17½ per cent. On all other boots and shoes the general tariff was increased to 30 per cent., with a British preferential rate of 20 per cent. This meant that there was a small reduction in the duty on heavy pegged boots from the United Kingdom and a corresponding slight increase in duty on the finer grades of footwear imported from the Mother Country. The advance in the British preferential rate was so small as to be almost insignificant, although some increased protection was given to Canadian manufacturers of fine shoes against competition from the United States. A new intermediate tariff, setting minimum treaty rates for imports from foreign countries was also inaugurated in 1906-07, with rates of 22½ per cent. on boots and shoes pegged or wire fastened, etc., and a rate of 27½ per cent ad valorem on all other boots and shoes.

SPECIAL WAR TAX

In 1915, the War Revenue Act imposed a special war tax of 7½ per cent. ad valorem on most items of the general tariff. This addition to the customs rates applied to boots and shoes along with other commodities, but it also applied to practically all commodities entering into the production of boots and shoes, so that it was by no means a net increase of 7½ per cent. in the protection to the industry. In the Spring of 1919, the war tax was removed on all commodities entered under the British preferential tariff and on many essential commodities entered under the general customs tariff. The war tax on imported boots and shoes was entirely removed, but the special war tax was continued on machinery, cotton duck, wire for use in nailing machines, shoe buttons, n.o.p., papier mache shoe buttons, shoe eyelets and hooks, cotton sewing thread in hanks, cotton or linen thread, n.o.p., boot laces, and other fittings and trimmings, so that the net tariff protection on boots and shoes from June 6, 1919, to May 19, 1920, actually was less than it was before the war.*

While the general tariff on pegged or wire fastened boots and shoes is 25 per cent., and

on the finer grades, 30 per cent., it must not be thought that these rates represents a net protection. Manufacturers have to pay duties on nearly all machinery, semi-manufactured commodities, and raw materials imported for use in the making of leather footwear. Machinery is subject to an import duty of 35 per cent. when imported from the United States (or any country to which the general tariff applies). Sole leather is dutiable at 12½ per cent. under the British preferential tariff, and 17½ per cent. under the general tariff, while the general tariff on cut leather soles and on insoles is 25 per cent. The tariff on patent leather is 15 per cent. British preferential, and 25 per cent. general. On kid, calf and all other imported leathers for uppers, boot and shoe manufacturers have to pay 15 per cent. under the general tariff, and practically all of such imports come under the general schedule. Cotton linings are now free from the war tax, but are still dutiable under the general tariff at 25 per cent.; while cotton duck imported from the United States is liable to a duty at the rate of 20 per cent. Shoe buttons, n.o.p., imported from the United States are dutiable at 25 per cent. The duty on cotton and linen thread, n.o.p. from the United States is 25 per cent., and until recently there was the war tax of 7½ per cent. in addition. Boot laces from the United States are dutiable at 30 per cent. Glue is dutiable under the general tariff at 27½ per cent. On practically all imported commodities used by the shoe manufacturer, duties have to be paid ranging up to 30 per cent. While the war tax was operative from early in 1915 to May, 1920, the range of duties was from 7½ to 37½ per cent.

IN THE UNITED STATES

It is instructive to compare the Canadian duties on machinery, raw materials, and semi-manufactured articles required by the Canadian boot and shoe manufacturers, with the duties on similar products when imported into the United States. All shoe machinery is on the United States free list. So is leather, and practically all other products required by the shoe manufacturer in that country. Machinery costs are approximately 25 per cent higher in Canada than in the United States, and, indeed, under normal conditions the general costs of manufacture are between 20 and 25 per cent higher here than in the United States. Canadian manufacturers still have to import from the United States, and consequently to pay duty upon nearly all the kid leather used, most fancy leathers, some calf, some cottons for linings, wooden heels and practically all findings. The plain fact appears to be that the Canadian primary industries are not sufficiently developed as yet to supply these commodities to the boot and shoe manufacturers, and, even in

*The war tax was withdrawn entirely, effective May 19, 1920.

the case of supplies made in Canada and normally available in adequate quantity, under present conditions, the domestic demand in some cases exceeds the domestic supply and importation becomes necessary.

To illustrate the disadvantages under which a Canadian factory operates as compared with plants in the United States, or the United Kingdom, one might analyze the situation with regard to almost any material entering into the production of boots and shoes. Take the case of cotton supplies. British and United States boot and shoe factories are able to buy low-priced cottons, because these two countries have built up very large cotton manufacturing industries, with tremendous output and consequently with comparatively low costs of production. The Canadian cotton factories are far from the sources of raw materials. Their development is recent and their home market has been small. Their unit costs of production on a much smaller output are higher than in the United States of Great Britain. Cottons normally cost the Canadian shoe manufacturer considerably more than the cost to the manufacturer in the United States. Of course cottons alone represent a comparatively small item in the cost of a pair of fine boots, but the situation illustrates how many other commodities used by the producers of boots and shoes cost more here, and help to increase the cost of manufacture of boots and shoes.

NET PROTECTION IS SMALL

If the duty on the imported items be offset against the tariff protection on boots and shoes, as should properly be done, it will be found that the net protection to the boot and shoe manufacturing industry certainly is not over 15 per cent. and probably is considerably under that amount. Such net protection is required to compensate for the higher machinery cost here, the disadvantage through inability to specialize to the same extent as is done in plants in the United States and elsewhere, the higher cost of many materials bought in Canada (due to the comparatively higher cost of production in other Canadian industries), and to provide for a higher cost of distribution and marketing in this country. It is true that labor is not generally higher here than in the United States, on the basis of the average weekly wage, but as a result of specialization and the greater productivity resulting from long experience in standardized operations the output per man is higher in the United States in many cases and consequently the labor and overhead cost per unit of product is normally lower there than here. Moreover, in some Canadian factories the workers on a rate-per-piece schedule are guaranteed a minimum weekly wage and in case they do not earn it the companies have to make up the

difference. Canadian workers, in the smaller factories are necessarily switched from one operation to another, which practice interferes with standardization and makes it impossible to handle boots and shoes as rapidly as is done in factories in the United States. The Canadian experience may, perhaps, make better all-round shoemakers, but it produces less expert workers on specialized operations. When considering machinery costs it should be pointed out that in the United States there is rarely any question of a factory falling short of its royalty minimum on the basis of so much per machine, while in Canada the guaranty is not always earned by production and the deficiency has to be made up by the company, this again representing an increase in overhead costs.

The following extract from the Cost of Living report, during the examination of Mr. J. A. Sutherland, Manager of the St. Thomas plant of Messrs. E. T. Wright & Company, Inc., is informing:

"By Mr. Sutherland:

Q. How are you affected by the tariff?

Mr. Pringle: Judging by his evidence it does not make much difference. They are selling in the United States the same as here.

Mr. Sutherland: They are manufacturing both places. They might not be manufacturing here if there were no tariff.

Witness: No, certainly not. If the tariff were off to-morrow we would not be manufacturing at all.

By Mr. Nesbitt:

Q. As a matter of fact the manufacturing costs would be less over there? A. Yes. That is why the American manufacturers could come in here and undersell the Canadian."

COSTS OF PRODUCTION

Another important factor directly affecting competition between Canadian and United States manufacturers in this market is the larger output and consequent advantage in unit cost to the manufacturer in the United States. There are approximately 1,500 manufacturing establishments in the United States making, under normal conditions, about 1,000,000 pairs of boots per day as against a total production in about 160 plants in Canada of less than 60,000 pairs a day.* The United States average on this basis appears to be about 667 pairs per day, per factory, as compared with an average production per day per factory in Canada of about 354. When distributed over the larger output, overhead expenses per unit are less there. Moreover, the United States offers a much wider market to the manufacturers, and costs of distribution in general are somewhat smaller than in this country. One boot and shoe manufacturing company in the United States had a turnover last year of more than \$100,000,000, or about twice the combined turnover of all the Canadian factories.

It has already been pointed out that in the United States there are companies manufacturing from 25,000 to 85,000 pairs of shoes per day and that production is largely

*Canadian production figures for 1919, which have just been computed by the United Shoe Machinery Company of Canada, Limited, are higher than those stated above. See Appendix I.

specialized. A feature of the industry in Canada is the comparative lack of specialization. Indeed, factory specialization is very recent in Canadian manufacturing. The manager of a company operating in St. Hyacinthe told the Special Committee of Parliament during its recent investigation of the Cost of Living that it was manufacturing no less than 450 lines of boots and shoes with a capital of only \$60,000, or, including reserves, \$185,000. A small plant in Kitchener with a capital and reserve of less than \$50,000 has been manufacturing a range of some sixty lines. When production in small plants is spread over such a variety of styles and grades, the investment in lasts, patterns, etc., has to be proportionately greater and consequently unit costs of production are considerably higher than where the industry is more highly specialized. It should be remembered, however, that lack of specialization is a natural result of conditions in Canada. With a population of not more than 9,000,000, spread over a stretch of country nearly 4,000 miles long by 500 or 600 miles wide, under a great variety of climatic conditions, the demand is for practically as many lines of boots and shoes as are manufactured by all the 1,500 plants in the United States, but the demand for any particular line in Canada is comparatively small.

TO SUPPLY HOME DEMAND

At the present time Canadian factories are supplying between 94 and 95 per cent. of the home market requirements in footwear. Exports from Canada for the last fiscal year exceeded imports in value by almost \$3,000,000. At the present rate of production, then, the domestic industry is producing more boots and shoes than are required by the Canadian people, yet many of the plants are not actually operating to capacity. The more efficient of them are doing so, but there are many small plants and some larger ones which are still operating considerably short of capacity, due to labor or other difficulties. There seems to be little doubt that if operating at full capacity, Canadian boot and shoe factories could supply the demands of this country in 10 months or even less. The plants in the United States, operating at full capacity, could supply the demand of that market in less than 9 months, leaving practically one-quarter of their maximum output available for export. If United States boot and shoe manufacturers can supply all the requirements of the market of 108,000,000 people in 9 months, they could, in the remaining three months of the year supply a market more than four times the size of Canada, and could meet all the requirements of this country in from 18 to 20 working days. In fact, at a production rate of 1,000,000 pairs per day,

boot and shoe factories in the United States could manufacture in about 17 days as many boots and shoes as all the Canadian factories make in a year, and in 18 or, at the outside, 19 days, they could meet all the leather footwear requirements of the Canadian population.

It should also be remembered that, in general, the United States sets the styles for Canada, and that United States lasts, colors, etc., with few exceptions, are acceptable in this country. Floor stocks, obsolete styles, etc., in all the United States factories represent a very large aggregate amount at any time and with a reduced tariff there would be increased danger of such goods being dumped on the Canadian market, especially if the United States home demand slumps. In fact, it cannot be doubted that Canada has been used in the past by the United States manufacturers as an outlet for surplus stock. It has been sold in this country rather than to retailers in the United States in order to protect the regular business of the manufacturers there.*

A STYLE "ADJUNCT"

Canadian manufacturers of fine boots, in general, are now offering styles almost simultaneously with those produced in the United States. But while the Canadian manufacturers have found it necessary to do this, in order to meet competition and satisfy the retailer that they are "up-to-date," it is none the less a fact that Canadian retailers are reluctant to order new styles or anything approaching a novelty, until such styles have been tested and popularized in the United States. As a result, styles in Canadian made footwear in many retail stores in this country are somewhat behind similar styles shown in the retail stores in the United States. The manufacturers in the United States, as well as in Canada, are forced by competition to produce new styles, and there is generally a very considerable surplus stock which the American factories are glad to dispose of at low prices. Under a low tariff it would be possible for the American manufacturers to sell such stocks in Canada at the end of a style season there, and they would still be in style in this country. United States manufacturers thus would be enabled to make the Dominion a style "adjunct," to an even greater extent than at present.

The tariff in some measure is a protection against "dumping" in the many forms in which "dumping" can be practised. There can be little doubt that United States manufacturers on many occasions have sold leather footwear at lower prices for export to Canada than for home trade. The Canadian "anti-dumping" law is distinctly aimed at such practice, but while boot and shoe manufacturers here are aware that it has been done, it is, nevertheless,

*Since the above was written, the home market demand in the United States for boots and shoes has fallen off sharply. Cancellations of orders have been heavy, and the industry has been operating much below capacity. Although there has been considerable "dumping" into Canada, as a result of such situation.

less, difficult to prove such "dumping," and any such action by them, even if the proof were available, would antagonize retailers who also buy from Canadian plants. Periodically sales of United States footwear are advertised in this country at prices which indicate that they have been sold much below the home market prices to United States retailers. Canadian dealers in most cases are quite innocent of any deliberate partnership in "dumping," but there is no doubt that the American manufacturers sell surplus goods, obsolete styles and "slow" selling lines at low prices for export to Canada in order to get them out of the United States and thus to protect the quality and price of their brands in the United States markets. Such practice even now means unfair competition to Canadian manufacturers and is most certainly one form of "dumping," although perhaps a form difficult to prevent. The practice no doubt would become a much more serious factor in the trade than at present, if the customs tariff rates were lowered.

INDUSTRY IN GREAT BRITAIN

Turning to a consideration of competition from Great Britain one finds that industry there has also been highly specialized. Northampton produces, for the most part, men's boots of high grades. Leicester produces the corresponding women's boots and shoes. The counties of which these towns are the principal centres manufacture similar boots of cheaper grades. Heavy boots for agricultural laborers, miners, etc., are made in Leeds, the Kingswood district of Bristol, and in Chesham in Buckinghamshire. It will be remembered that twelve or fourteen years ago, United States boot and shoe manufacturers invaded the British market and, to a very considerable extent, threatened the British industry. The latter realizing the danger, improved the appearance and finish of its output and began to build shoes on lasts similar to those in the United States. The result was a very distinct advance in the appearance of the British product. It is true that in general British footwear is somewhat heavier than the finer, lighter lines popular in the United States and also in this country. Nevertheless, British manufacturers are now making boots and shoes which, not only in wearing qualities but also in style, finish, etc., are as fine as are made anywhere in the world. Labor costs in Great Britain are still substantially lower than those on this continent, but this advantage to the British manufacturer is offset to some extent by the fact that production per man is greater in the United States. Moreover, the British manufacturer still has a decided advantage in exchange. The most modern mechanical equipment is being used and the whole industry has been thoroughly organized for export business. The United States Trade Commissioner in London, reporting last November on the organization of British

Shoe Manufacturers, Limited, a company formed for co-operative efforts of British Boot and Shoe manufacturers for expansion of overseas markets for British boots and shoes, stated that member companies of the new export combination will produce a range of standard samples designed for their overseas markets. He continued:

"The samples will be subjected to the criticism of this local body of manufacturers in the first instance, and when finally approved will thus represent the best that the united efforts of the British producers of the particular class of goods can make. The same body will draw up standard specifications and standard costings; it will become a co-operative body, sharing knowledge and experience to enable the trade to develop; it will give standards to its centre of the trade. These standards will be the basis on which the central organization will book orders."

CLEARING HOUSE FOR ORDERS

The Commissioner explained that the plan will involve uniformity of prices and specifications, and added:

"It is important to state quite clearly the influence on production that this system will have. Manufacturers at the present time can easily get all the orders for foreign trade they want; no central organization is immediately necessary to secure these. The central organization, however, by acting as a clearing house for orders by taking them to the places most capable of executing them in such a creditable manner as to bring repeat orders, not only does a service to the trade but enables manufacturers to specialize. Instead of taking orders for a wide range of shoes of various designs manufacturers can specialize on a very small range, can make this range as near perfection as their concentrated ability will allow, and then, having done this, can secure all those economies in production and organization that can come through specialization and standardization. The scheme thus affords to manufacturers all the advantages of standardization and all the encouragement and inducement to specialization. Furthermore, labor will not be uninterested, since such a plan, with its possibility of a continued flow of work, means the opportunity of high piecework earnings.

"Such is the proposal of the British Shoe Manufacturers (Ltd.) in so far as production is concerned. Production, packing, and dispatch of goods will all be subject to inspection. This system is already operative in the largest producing district, where an Inspector regularly visits factories manufacturing for the company in order not only to secure adherence to specification, but also to give such information as will ensure that the products of the various firms are as nearly as possible equal in value when they are making to a common sample.

"Each manufacturer has an identification number, and the company desires to encourage buyers to note the special characteristics of the products of the several constituent houses. All goods are packed in uniform cartons, with uniform labels, and the company is at present considering the adoption of a standard packing case for its goods. The company has its own trade-mark.

"A further point of importance to manufacturers is the terms of credit. The overseas trade, whether done direct or through exporting houses, has had no standard of terms of credit and discount. Credit has in many instances had to be given for long periods. All goods made for the British Shoe Manufacturers (Ltd.) will be paid for cash within 10 days; this is one of the most obvious advantages the company has to offer the manufacturer."

IN "COLONIAL" MARKETS

In a further report early in January, the same Commissioner said that the immediate aim of the company was to introduce British boots and shoes to markets where, in 1914, they were little in demand. He

LOOKING TO AMERICA

pointed out that the British Dominions were very well catered for by manufacturers' agents, and that, for the present, the new organization of British manufacturers proposed to devote attention to new foreign markets. Nevertheless, he added significantly, "These colonial markets may come within the purview of the company." In further reference to the export group plan, he said:

"This central organization has already commenced operations and, it is understood, has received sufficient orders to exhaust the present capacity for export of its members for several weeks ahead. In each of the principal boot-manufacturing districts of the country the company will have a resident director. He will form the nucleus of a committee of the local shareholders, and this committee will be utilized by the central organization in the placing of orders. The local committee will proceed immediately to prepare a standard range of samples of boots suitable for the various markets in which the central company proposes to operate. These samples will be on view at the London Office.

"By this means a complete organization of manufacturers will be formed with the central office exercising control over the placing of orders, which control should operate to secure that manufacturers will have tendered them bulk orders, such as will enable them to secure all the advantages that can come through standardisation and large scale production."

The British Overseas Trade Department has organized a number of touring exhibitions for the purpose of advertising British manufactures abroad, and boots and shoes will unquestionably be included. Three or four of such exhibitions are planned and one of them will tour Australia, New Zealand, Canada and South Africa. The exhibition to tour the British Dominions was expected to leave Great Britain in June and while in Canada will visit Vancouver, Winnipeg, Toronto, Montreal and Halifax.

The boot and shoe manufacturing interests in the United States are showing some signs of uneasiness over the possibility of competition from the United Kingdom, and Mr. F. J. Marquis, Secretary of the Incorporated Federated Associations of Boot and Shoe Manufacturers of Great Britain and Ireland, has considered it advisable to state that there is no immediate danger of British manufacturers flooding the American market. Nevertheless, it cannot be doubted that a serious effort to gain trade in this Dominion will be made by the British industry. The British preferential rate on boots and shoes pegged or wire fastened coming into Canada is only 17½ per cent. while the British preferential rate on the finer grades is only 20 per cent. The premium on Canadian funds when proceeds of sales here are converted into English currency means an offset of 6 or 7 per cent. to the British manufacturer, at present exchange rates, on the assumption that costs of production here and in the United Kingdom are approximately the same, leaving only a small net protection to Canadian makers. Moreover, this protection is probably further offset even at the present time by the lower costs of production in Great Britain. British boots and shoes, to an increasing extent, have appeared recently in Canadian retail stores, and particularly in departmental stores.

In his investigations in the United States, Mr. Marquis found that, while the British manufacturer has aimed at providing suitable footwear for a population obliged to endure a very variable climate, the United States manufacturer is engaged in making an article of dress, in which style stands first and foremost above everything, perhaps, but fine workmanship. He also noted, "as important especially for British manufacturers hoping to cater for the American market," that in the United States comparatively few people wear woollen socks or stockings and that in consequence accuracy of fitting in light shoes is of much more importance than it is in Great Britain. British manufacturers are advised that if they are to do business on this continent they must make their boots in ranges of at least three fittings.

Mr. Marquis declares that "days of keen competition between the two countries (Great Britain and the United States) for overseas markets are ahead," while the Northampton correspondent of The Manchester Guardian Commercial says: "Investigations show that it is possible to place Northamptonshire-made boots on the American market at a price that beats the home producer."

A Northampton correspondent of The New York Journal of Commerce, writing on June 8, 1920, said: "Manufacturers who are reported to have large stocks of medium and low-grade footwear on hand, with no prospect of the home market being able to absorb them, are very anxious to see the export trade develop, and on the whole are hopeful that British goods will make their way in the markets of the world. . . . An opening for English footwear in the United States is confidently looked forward to, partly on account of the disposition shown by British manufacturers to modify their styles to suit American taste and partly by reason of lower prices and the favorable rate of exchange."

BRITISH COSTS ARE LOW

British production is not yet back to normal, and it may be some little time before the British manufacturers are able to devote much of their output to this competition. Nevertheless retail shoe dealers in Canada have been visited recently by representatives of British companies, showing high grade samples built on American lasts, embodying the very best in style and finish and offered at prices below current quotations in the Canadian Market. British-made "brogues" already are competing here with Canadian made boots and shoes. Persons closely in touch with the boot and shoe industry, and even those not directly interested, but who know the situation, express the opinion that increasingly severe British competition must be faced by the Canadian producers. It has already been shown how imports into this

country of British boots and shoes were increasing before the war. Canadian manufacturers have made distinct advances during the last five years and are in a better position to meet that competition than formerly. Nevertheless, exchange reduces the effective protection, and even if the exchange situation be disregarded, the possibility of British manufacturers flooding this market and bringing disaster on the Canadian industry should not be left unconsidered by those who are proposing drastic tariff reduction. In this connection there are a number of factors which help to make Great Britain a low-cost producer of leather footwear:

1. **A world selling market, developed for many decades.** Such development has been assisted by British commercial policy and by the great British banks with world-wide ramifications and associations. In consequence, standardization can be practiced successfully to a considerable extent, and with the export market added to the large home market, the important advantages of quantity production must be obvious.
2. **Accessibility to supplies of raw materials at comparatively low cost.** Great Britain is the central world market for many raw materials. These commodities are made available by ocean vessels without expensive inland freights.
3. **Free importation of raw materials.** British manufacturers import all such commodities free of duty.
4. **Low wage cost, as compared with the wage cost in Canada.** Not only are rates of wages still substantially lower in the United Kingdom than on this continent,* but specialization, standardization, and quantity production mean a larger output per worker, which also results in lower overhead cost per unit of product.

COMPETITION FROM EUROPE

The people of this country must also consider the possibility of serious competition in boot and shoe manufacturing from Central Europe. Before the war, United States boot and shoe manufacturers, alarmed by growing competition in the American market and in foreign trade, made a survey of the manufacturing situation in Europe in so far as boots and shoes were concerned. It was the opinion of the investigators that Germany was likely to become an exporter of boots and shoes to an important extent, and there can be little doubt that, had it not been for the war, German manufacturers would have rapidly extended their export trade. Most economists admit that exchange offers to Germany a very important advantage at the present time in export business, and, indeed such export trade is gaining rapidly. Advances would have been far greater still had it not been for the shortage of raw materials. In this connection there appears to be significance in the recent report to the Department

of Commerce, at Washington, from the United States Trade Commissioner, at Berlin, who says:

"An item of great interest coming to my attention in the line of trade is an arrangement on the part of British interests to furnish German shoe manufacturers with leather. This leather, or the hides at least, come from South America, and contracts have been made for the next two years. English lasts are used and the shoes manufactured are for the English market.

"The low price of labor here in view of the exchange rate of the mark makes it possible to place the shoes on the British market at a handsome profit to the British interests handling this business. It should be noted that the British control the finished product. The German manufacturer has his profit and German labor is occupied."

While the report states that the boots manufactured under this arrangement are intended for the British market, the exportable surplus of British producers will be increased thereby, and the German boot and shoe manufacturing industry will be helped to regain its pre-war position. The countries which were formerly part of the Austrian Empire may become increasing factors in the international trade in boots and shoes. Before the war Austrian shoes were sold in South Africa and the style, quality and price are said to have met with favor. Indeed, in South Africa the Austrian product appears to have been more popular than boots and shoes from the United States, although the manufacturers of the United Kingdom supplied by far the largest part of South African requirements.

ANALYSIS OF IMPORTS

Available trade records furnish only scanty materials for an analysis of the grades and prices of imported goods. A statement is attached showing the value of imports of all leather boots and shoes into Canada during each of the fiscal years from 1866-7 to 1919-20, and the value of such imports from the United Kingdom and the United States separately for the same period:

IMPORTS OF BOOTS AND SHOES INTO CANADA FOR CONSUMPTION (From Canadian Trade Returns)

Fiscal Years Ended June 30—	Total Imports \$	Imports from	
		United Kingdom	United States
1867.....	61,685	17,099	38,562
1868.....	84,635	31,355	41,929
1869.....	137,428	65,850	63,472
1870.....	139,134	84,780	48,581
1871.....	160,805	95,660	63,112
1872.....	272,580	141,922	122,359
1873.....	203,849	96,657	102,011
1874.....	234,712	84,240	146,131
1875.....	341,223	68,954	168,803
1876.....	233,293	38,293	242,797
1877.....	302,111	34,496	265,458

*See Appendix 2.

	Total Imports	Imports from United Kingdom	Imports from United States
1878.....	\$243,578	\$29,364	\$207,909
1879.....	200,180	16,158	179,049
1880.....	107,852	10,201	95,178
1881.....	105,592	13,366	87,425
1882.....	164,106	19,363	137,099
1883.....	216,205	23,289	178,255
1884.....	197,094	18,675	159,723
1885.....	193,745	30,177	138,469
1886.....	218,639	24,326	164,960
1887.....	242,985	24,747	190,207
1888.....	210,207	20,119	164,525
1889.....	251,553	18,875	198,476
1890.....	290,915	20,674	233,452
1891.....	225,883	20,503	212,677
1892.....	286,347	18,994	238,695
1893.....	305,890	16,903	255,573
1894.....	247,606	13,995	194,836
1895.....	306,076	17,768	251,682
1896.....	350,054	15,573	296,841
1897.....	319,876	12,553	271,957
1898.....	374,879	15,902	354,268
1899.....	453,631	20,237	430,161
1900.....	542,180	9,628	529,281
1901.....	642,360	19,774	618,479
1902.....	699,791	32,785	665,716
1903.....	742,773	29,510	710,889
1904.....	996,150	39,331	953,687
1905.....	1,173,113	60,499	1,107,100
1906.....	1,283,004	66,629	1,214,353
Fiscal years ending March 31.			
1907.....	1,057,600	73,672	982,911
(9 months)			
1908.....	1,536,627	119,306	1,412,136
1909.....	1,282,931	131,050	1,149,353
1910.....	1,522,786	180,954	1,339,764
1911.....	2,193,686	314,401	1,769,122
1912.....	2,841,870	384,785	2,447,134
1913.....	4,111,492	548,622	3,523,985
1914.....	4,349,587	660,765	3,652,662
1915.....	3,478,951	551,215	2,918,694
1916.....	2,156,196	230,470	1,914,362
1917.....	3,472,959	179,230	3,290,322
1918.....	3,179,138	148,387	3,012,675
1919.....	2,709,523	85,230	2,624,293
1920.....	2,731,591	98,220	2,627,722
Imports for the fiscal year 1919-20 by months were:			
1919			
April.....	282,394	1,516	280,664
May.....	223,075	2,822	220,085

	Total Imports	Imports from United Kingdom	Imports from United States
June.....	\$177,992	\$1,854	\$175,716
July.....	193,564	8,752	184,102
August....	179,810	10,095	169,523
September..	169,229	4,887	163,743
October...	247,375	3,795	242,652
November..	255,184	2,992	251,865
December..	248,510	6,511	241,468
1920			
January...	187,299	9,925	176,593
February..	232,846	11,376	202,807
March....	352,313	33,695	318,504

The trade returns of the United States have shown men's, women's and children's boots and shoes separately only since 1913. The following table shows the numbers of pairs exported from the United States to Canada during each of the fiscal years 1909-10 to 1918-19 and for the first ten months of the current fiscal year. The fiscal year of the United States ends June 30.

EXPORTS OF LEATHER BOOTS AND SHOES FROM THE UNITED STATES TO CANADA

(From United States Trade Returns)

For the year ended June 30	No. of Pairs	Import Value
1910.....	680,294	\$1,262,906
1911.....	894,197	1,579,190
1912.....	1,231,731	2,457,007
1913.....	1,560,830	3,107,749
1914.....	1,679,270	3,104,412
1915.....	1,179,898	2,170,761
1916.....	1,325,504	2,321,879
1917.....	1,042,808	3,322,276
1918.....	1,228,289	2,811,530
1919.....	821,679	2,203,604
July 1, 1919 to April 30, 1920 (10 months)	679,436	2,116,995

(For a classification of such imports since 1919 by men's, women's and children's groups see page 40.)

Canadian trade returns are not in sufficient detail to make possible any exhaustive direct examination of the total value of materials imported by Canadian boot and shoe manufacturers for use in the making of leather footwear, and on which they pay import duties. The following shows imports of leather only, during the fiscal year ended March 31, 1920, much of which was for use in the manufacturing of boots and shoes in Canada:

	Whence Imported	Value	Import duty*
Sole leather.....	Nearly all from the United States.	\$767,861	Nearly all at 17½ per cent.
Upper leather, dressed, waxed or glazed	Nearly all from the United States.	\$1,811,402	Nearly all at 15 per cent.
Upper leather, not dressed, waxed or glazed.	All from the United States.	\$82,941	15 per cent.
Calf, kid or goat, lamb and sheep skins, tanned.	Nearly all from the United States.	\$457,407	Nearly all at 15 per cent.
Calf, kid or goat, lamb and sheep skins, dressed, waxed or glazed.	Nearly all from the United States.	\$5,956,753	Nearly all at 15 per cent.

*In addition to the regular tariff duties, the special war tax applied to all such imports from early in 1915 to the Summer of 1919.

EXPORT FIGURES REVIEWED

Analysis of Canadian exports of boots and shoes shows that such trade was very small before the war. In the fiscal year 1912-13, of total exports valued at \$42,177, the United States bought \$15,611 worth, mostly heavy specialties not manufactured in that country.

Details of Canadian exports during the fiscal year 1919-20 have not yet been published, but the following table shows exports of boots and shoes from Canada to other countries during the fiscal years 1912-13 and 1918-19. Canadian leather footwear was admitted to the French colonies of St. Pierre and Miquelon, under the French Minimum tariff, pursuant to the French Treaty of 1907. It should be noted that except for sales to Newfoundland and a temporary export business to Great Britain under war conditions, export sales of Canadian boots and shoes within the British Empire have been almost negligible.

EXPORTS OF CANADIAN LEATHER BOOTS AND SHOES

Value of Exports During Fiscal Years

Exported to	1912-13	1918-19
United Kingdom.....	\$ 2,412	\$ 495,977
Other British Coun- tries—		
Barbadoes.....		152
Bermuda.....	702	
British Africa, South.....	360	3,932
Australia.....	331	
Fiji.....		1,751
Jamaica.....		200
New Zealand.....	829	596
British West Indies.....	241	
Newfoundland.....	4,357	4,842
Trinidad and Tobago.....		260
Other.....		400
Austria-Hungary.....	14	
Brazil.....		152
China.....	64	
Cuba.....		54
France.....	3,124	156,201
St. Pierre and Miquelon.....	9,506	17,467
Greenland, Iceland, etc.....		168
Italy.....		35
Japan.....	30	600
Russia.....		46,906
United States.....		400,641
Alaska.....	216	
Total.....	\$22,186	\$1,130,334

Although the report of the Department of Customs and Inland Revenue for the fiscal year ended March 31, 1920, which will show exports to all countries, is not yet available, the report on the Trade of Canada for March gives a summary of exports of Canadian-made

leather boots and shoes for the twelve months of the last fiscal year, as follows:

To United Kingdom.....	\$2,754,076
United States.....	350,874
France.....	1,553,904
Newfoundland.....	24,935
Russia.....	100
St. Pierre and Miquelon.....	18,527
Other Countries.....	977,304
	\$5,679,720

EXPORT TRADE OUTLOOK

During this period, exports of boots and shoes from Canada exceeded imports in value for the first year in the modern history of the Canadian industry. Such export business seems to have been largely fortuitous and unlikely to be retained. Almost half of it was with the United Kingdom, and Canada cannot expect to compete with British boot and shoe manufacturers under normal conditions. Canadian boot and shoe manufacturers have no permanent export organization and in the past little attempt has been made consistently to develop overseas trade. After the armistice individual firms in Canada accepted certain French orders and in some cases agreed to take payment on the basis of French francs. With the fall of French exchange they lost money heavily and at least one firm has a considerable amount of money tied up in French bonds, awaiting such improvement of exchange as will make possible its transference without loss. Several of the Canadian manufacturing concerns also have sold boots and shoes since the armistice in England and Scotland, but most of the successful Canadian companies have been so occupied in filling the demands of the domestic trade that they have not been able to spare any considerable part of their output for overseas. During 1919 the Canadian factories were offered a contract to manufacture some 200,000 pairs of leather boots for the Greek army at about \$7.20, but most of the plants were busy on orders for the civilian trade in Canada and they were not willing to accept the foreign order at the price offered. Consequently Greece has been buying Canadian leather instead. Considered in conjunction with the rapid recovery of European industry, Canada's export record offers but slight justification for the hope that the foundations of a permanent export trade have yet been laid by the Canadian boot and shoe industry. A few of the companies state that they expect to go into the export trade if domestic business slackens but little appears to have been done in this direction so far, except by one large Canadian producing concern which has agents in various parts of the world, and perhaps a few other companies which have given agencies to export organizations. The following table shows the value of imports and the value of exports during each of the fiscal years since 1904-05:

IMPORTS TO CANADA AND EXPORTS FROM CANADA OF BOOTS AND SHOES

For the fiscal years ending—

	Imports	Exports
1905.....	\$1,173,113	\$ 158,064
1906.....	1,283,004	133,792
1907 (9 months).....	1,057,600	111,558
1908.....	1,536,627	79,092
1909.....	1,282,931	60,951
1910.....	1,522,786	48,923
1911.....	2,193,686	45,046
1912.....	2,841,870	36,841
1913.....	4,111,492	42,177
1914.....	4,349,587	82,529
1915.....	3,478,951	188,084
1916.....	2,156,196	537,595
1917.....	3,472,959	961,687
1918.....	3,179,138	905,087
1919.....	2,709,523	1,130,334
1920.....	2,731,591	5,679,720

While exports of boots and shoes from Canada during the last fiscal year reached the record value of \$5,679,720, the value of imports was considerably below pre-war figures, despite the higher prices prevailing to-day. Even should imports increase in value only to the amount in 1913-14, the Canadian manufacturers would lose domestic trade which they now hold to the value of some \$1,600,000. A large part of their more or less accidental export trade seems almost certain to be lost and their market may easily be reduced by \$7,000,000, by reconstruction developments in international trade, even without considering the possible effect of any reduction of the Canadian tariff, or of a slackened demand from the home market which may result from any curtailment of purchasing power. In other words, it is not improbable that during the next few years Canadian manufacturers may lose, through no fault of their own, but simply through international readjustments, practically one-eighth or more of their present market. The loss may be much greater if domestic buying be curtailed. By reason of the increased efficiency developed during the war, they may be able to hold a part of this trade against foreign competition if the tariff be not reduced. On the other hand, the capacity of the Canadian boot and shoe manufacturing establishments has been considerably expanded during the war and even today a number of the plants are not producing to anything like capacity. The effect of reduced protection, superimposed upon apparently inevitable reconstruction developments, would mean a serious situation for the Canadian boot and shoe manufacturers and for the boot and shoe workers in Canada.

THE MENACE OF "DUMPING"

Throughout the war the United States leather boot and shoe manufacturing plants exported annually between 15,012,220 pairs of boots and shoes and 20,358,472 pairs at a value equal to, or exceeding the value of the

combined production of all the boot and shoe manufacturing establishments in Canada. The overseas export trade of the United States in boots and shoes, like that of Canada, was greatly stimulated by war conditions, and, like Canada's, the United States factories are likely to find such trade endangered as the European countries rehabilitate their industries and increase production—developments which already are progressing with greater rapidity than is understood by the average person in Canada. As their overseas market falls off, United States manufacturers are almost certain to look to Canada to absorb a larger proportion of the American surplus output. Even now there can be little question but that United States manufacturers are selling leather footwear to Canadian buyers in many cases at prices substantially lower than those obtaining in the home market. Canadian buying of regular lines of high grade United States footwear has been considerably curtailed, but there can be little doubt that a form of "dumping" is being practiced in not a few cases, and that such practice may reach much larger dimensions as the American manufacturers are confronted with a diminished demand in the home market. The following table, based on official statistics of exports of leather boots and shoes from the United States, contains some surprising comparisons:

EXPORTS OF LEATHER BOOTS AND SHOES FROM THE UNITED STATES

For the ten months July 1, 1919, to April 30, 1920.

1—Children's Boots and Shoes

Countries to which exported	Number of Pairs	Stated Value \$	Average Value per pair
Belgium.....	27,526	60,094	\$2.18
Norway.....	296,982	734,644	2.47
Other Europe..	497,236	1,124,384	2.26
Canada.....	90,942	87,659	.96
Panama.....	46,561	78,369	1.68
Mexico.....	58,835	126,693	2.15
Cuba.....	1,336,705	2,174,452	1.63
South America.	54,020	98,492	1.82
Philippine Islands.....	28,764	47,467	1.65
Other Countries	378,380	656,538	1.74
To all Countries...	2,815,951	5,188,792	1.84

2—Men's Boots and Shoes

Belgium.....	417,727	1,752,696	4.20
Denmark.....	414,270	1,889,601	4.56
France.....	628,313	2,842,283	4.52
Greece.....	158,822	762,402	4.80
Italy.....	483,966	2,573,918	5.32

2. Men's Boots and Shoes—Continued

Countries to which Exported	Number of Pairs	Stated Value \$	Average Value per Pair
Norway.....	1,247,386	5,575,218	\$4.47
Russia in Europe.....	438,099	2,058,707	4.70
United Kingdom....	340,933	1,991,966	5.84
Canada.....	144,994	501,594	3.46
Panama.....	121,663	458,638	3.77
Mexico.....	329,854	1,440,822	4.37
Jamaica.....	78,847	207,196	2.63
Cuba.....	1,126,390	5,190,383	4.61
Argentina.....	21,746	148,397	6.82
Chile.....	10,209	66,764	6.54
Peru.....	33,691	186,102	5.52
China.....	11,343	61,714	5.44
Japanese China	11,129	37,615	3.38
British India..	72,545	312,186	4.30
Dutch East Indies.....	12,091	57,577	4.76
Japan.....	8,071	34,148	4.23
Russia in Asia..	949,318	4,951,190	5.22
Australia.....	6,184	45,057	7.29
Philippine Islands....	91,037	362,745	3.98
British South Africa.....	142,640	646,846	4.53
Other Countries... ..	1,693,737	6,772,587	4.00
To all countries....	8,995,005	40,937,352	4.55

3—Women's Boots and Shoes

Belgium.....	75,624	322,788	4.27
Denmark.....	281,192	905,629	3.22
France.....	180,435	867,704	4.81
Italy.....	65,424	353,969	5.41
Norway.....	556,735	2,588,175	4.65
United Kingdom....	735,292	3,737,158	5.08
Canada.....	443,500	1,527,742	3.44
Panama.....	76,016	216,957	2.85
Mexico.....	184,519	660,546	3.58
Jamaica.....	108,543	193,450	1.78
Cuba.....	942,066	2,168,052	2.30
Dominican Republic....	86,589	250,613	2.89
Argentina.....	8,648	55,468	6.41
China.....	10,095	50,362	4.99
Australia.....	12,701	73,581	5.79
Philippine Islands....	74,194	230,748	3.11
British South Africa.....	173,296	638,165	3.68
Other Countries... ..	776,029	2,474,379	3.19
To all countries....	4,790,898	17,315,486	3.61

COMPARISON OF "VALUES"

The average stated value per pair of children's boots and shoes exported to Canada was 96 cents, as compared with an average value of \$1.84 for children's boots and shoes exported to all countries. The average price to Canada was, therefore, only about one-half the average price to other countries. In the case of men's boots and shoes the average stated value per pair for export to Canada was \$3.46, which was lower than the average stated value of exports to any other country, except Japanese China and Jamaica, which require light and comparatively cheap footwear. The average stated value per pair of women's boots and shoes exported from the United States to Canada is shown at \$3.44. This was not as low as the average stated value to tropical and semi-tropical countries which mostly require light Oxfords and slippers, while Canada wants principally boots with high uppers and the best quality and most exclusive lines of shoes, but it compares with much higher average stated values for exports to other countries where fashionable and, at the same time, weather-resisting footwear is in demand.

Two, and only two, explanations are possible. The first is that Canada has been buying from the United States leather footwear of cheaper quality than that bought by other countries. Everybody knows, however, that such a contention would be contrary to the facts and that the footwear imported into this country from the United States has been of the very finest quality manufactured in the Republic. The true explanation undoubtedly is that United States manufacturers have been selling to Canada surplus stocks, floor goods, left-overs of seasonal styles, and generally slow-selling lines, at very low prices, which in many cases have been much below the actual cost of production. Such footwear has not been offered in the domestic market but has been sent to Canada at "bargain" prices in order to get it out of the country and to protect the manufacturers' regular lines, in the home market. Such practice is unquestionably a form of "dumping." It has been resorted to an increasing extent since United States manufacturers of fine footwear have found it increasingly difficult to sell their regular lines in Canada in competition with the products of the Canadian factories. The practice means unfair competition with Canadian manufacturers, but it also affords evidence of the value of Canada's boot and shoe manufacturing industry, which despite such "dumping" is now supplying between 94 and 95 per cent. of all the leather footwear used in the Dominion.

OTHER INDUSTRIES AIDED

It is highly important that the Canadian public should realize not only the way in which the Canadian boot and shoe industry

has developed but also what such development means in the way of employment to Canadian labor and in support to other Canadian industries. It has already been shown that the boot and shoe manufacturing companies buy in Canada most of their leather, except kid and occasionally some of the finer grades of calf and fancy leathers, that most of their fabrics for linings are bought in this country, except under abnormal conditions, when they cannot get satisfactory delivery from domestic producers, and, indeed, that most of their machinery and manufacturing materials other than findings and certain miscellaneous supplies are now made in the Dominion. In 1918, the boot and shoe industry in this country provided direct employment for more than 14,000 workers, and paid out in wages and salaries and for raw materials practically 80 per cent. of the total amount received for its finished product. In addition, the boot and shoe industry has been a very large purchaser from the Canadian tanning industry, which has been developed steadily and which provides employment for many thousand additional workers. In this connection, it is interesting to note that the Canadian boot and shoe manufacturing demand for kid leather has recently been responsible for the re-development of the kid tanning industry in this country.

During 1919 some of the Canadian boot and shoe manufacturers bought their requirements of kid in Canada for the first time and two new kid tanning plants are being opened during this Spring or Summer. Moreover, the policy of the Government of British India in placing an export duty of 15 per cent. on hides and skins, with a rebate of two-thirds of the duty if the skins be tanned within the British Empire, is likely to provide a decided impetus to the Canadian leather industry and also, perhaps, to the Canadian manufacture of kid boots and shoes. United States manufacturing interests are already expressing anxiety over the situation and fear lest the glazed kid industry and the boot and shoe industry be developed in Canada by

this policy to the detriment of the industry in the United States. Development of the policy of preference within the Empire, it should be noted, is absolutely conditional upon the maintenance of adequate tariff protection by each part of the Empire.

The shoe machinery industry in Canada, largely financed by United States capital, employing Canadian labor and purchasing, in turn, from other Canadian industries, is another example of the indirect advantages of boot and shoe manufacturing in this country. Moreover, it has only been during the past five years that boxes and counters for boots and shoes have been made in Canada. Then there is the Canadian last industry, employing a considerable number of Canadian workers and providing a market for the lumbering industry. During the war the manufacture of wooden heels was commenced in this country. As boot and shoe manufacturing has progressed there has been a steady, co-ordinate development of allied industries to supply the needs of the Canadian boot and shoe manufacturers and such subordinate development has provided much employment for Canadian workers.

ALLIED INDUSTRIES AFFECTED

In considering the effect of tariff legislation, it is necessary to consider the effect not only upon the boot and shoe industry itself but also upon the increasing number of allied industries which depend upon the boot and shoe industry in part or in toto for their market. In this connection it should be pointed out that the competition from outside the Dominion, both before the war and at the present time, has been largely in those lines of boots and shoes for which raw materials and semi-manufactured materials had to be imported in considerable quantities. There has been comparatively little competition over the tariff wall in the more staple lines or in children's shoes which have represented a larger proportion of Canadian materials.*

*In 1919-20 boots and shoes, pegged or wire fastened with unstitched soles, close edged, were imported into Canada to a total value of only \$10,989, which amount was made up of imports from Great Britain, \$4,211, and from the United States, \$16,788. Such footwear, when imported from the United Kingdom, is dutiable only at 17½ per cent. ad valorem and the British manufacturer has a considerable advantage in exchange. By reference to Appendix 2, it will be seen that wages in Great Britain in the Boot and Shoe manufacturing trade are still considerably lower than on this continent. As a result of this situation, British imports of heavy work boots are showing a tendency to increase and imports of this grade of footwear during March, 1920, from the United Kingdom not only exceeded in value imports from the United States but also the total value of such imports from the United Kingdom during the entire period of two years immediately preceding. The following records tell the story:—

Imports from the Great Britain of Boots and Shoes, pegged or wire fastened, with unstitched soles, close edged—	
For the entire fiscal year 1917-18	\$1,803
For the entire fiscal year 1918-19	455
For the entire fiscal year 1919-20	2,211

Imports by Months for the Fiscal Year 1919-20—

April	\$ 22	October	8
May	56	November	28
June .....	..	December	79
July	45	January	94
August	1,254	February	89
September .....	..	March	2,575

The figures are still almost negligible but the possibility of a rapid increase should not be disregarded.

COMPETITION IN FINE GOODS

The principal competition from outside, indeed, has been in fine kid shoes, specialties and in canvass shoes, all of which consist essentially of raw materials and semi-manufactured commodities which have to be imported. The development of allied industries, looking to boot and shoe manufacturing for their market, not only provides employment, lessens the dependence of Canada upon foreign sources of supply and builds up tax-paying industries in this country, but it also tends, by domestic competition, to lower the cost of footwear to the Canadian consumer. The fact that before the war the finer lines of boots and shoes were higher in price here than in the United States was due in large measure to the comparative non-

development in Canada of industries to supply materials for such fine shoe manufacture. As these new industries develop the tendency is to reduce the price to the Canadian consumer. The boot and shoe manufacturers, almost without exception, concede that the Canadian tanning industry has dealt fairly with them and has not taken undue advantage of the tariff. The large scale development here of the patent leather industry is a case in point, and, as already shown, the wholesale price of patent leather shoes at the present time is even lower in Canada than in the United States. Such situation cannot be accounted for on any other ground than that the development in Canada of the patent leather industry has lowered the cost of this leather to Canadian boot and shoe manufacturers.

EXPORTS OF LEATHER BOOTS AND SHOES FROM THE UNITED STATES TO CANADA ANALYZED BY CLASSES

(From United States Trade Reports)

Years ended June 30	Children's		Men's		Women's	
	Quantity Pairs	Value \$	Quantity Pairs	Value \$	Quantity Pairs	Value \$
1913	182,278	141,216	529,502	1,290,311	849,050	1,676,222
1914	252,586	180,833	434,140	1,114,256	992,544	1,809,323
1915	188,971	136,355	235,051	584,469	755,876	1,449,937
1916	201,831	145,389	243,198	674,111	780,475	1,502,379
1917	383,031	283,345	269,149	711,328	990,688	2,327,603
1918	239,945	216,999	216,651	625,039	771,693	1,969,492
1919	145,167	132,574	119,073	414,284	557,439	1,656,746
July 1, 1919 to April 30, 1920 (ten months)....	90,942	87,659	144,104	501,594	443,500	1,527,742

5. Suggestions

The suggestion has already been made that the boot and shoe manufacturers consider the advisability of arranging for a university professor or a student or students, to investigate the early history of the industry in research work among the archives at Ottawa. The manufacturers cannot expect the public to be proud of the Canadian boot and shoe industry until the manufacturers themselves know more about the early days of the industry and its development and cultivate a proper pride in the romantic history of boot and shoe manufacturing in this country. The information relative to the early development of the industry could be used to splendid advantage in advertising and other publicity efforts, introducing a human interest which is wanting in much of the advertising to-day.

Many manufacturers have expressed dissatisfaction with the form of questionnaire which they are required annually to return to the Dominion Bureau of Statistics, in connection with the annual census of industry. There is no uniformity of understanding in certain cases as to what is required, and certainly no uniformity in the practice of making returns. Terms apparently have not been clearly defined and the present situation renders the report of comparatively little value. Mr. R. H. Coats, Dominion Statistician, is reasonable, efficient, and anxious to make the census of the greatest possible value to Canadian industries. Closer co-operation with Mr. Coats would seem, therefore, to be a proper subject for consideration by the Shoe Manufacturers' Association of Canada. A committee might be appointed to get the views of the manufacturers relative to the present form of questionnaire and suggestions as to how it can be improved, and then take the matter up with Mr. Coats. Initial steps already have been taken in this direction. If such a committee be appointed it would also seem advisable to consider whether other statistical records of the Government could not be made of increased use to the Canadian boot and shoe industry. It is more than doubtful, for example, whether the trade returns of imports and exports of boots and shoes are now in a form which makes them of most value and service to the industry. Is further classification desirable? Then there is the whole question of statistics relative to leather stocks, records of slaughterings, imports and exports of raw materials, etc. A statistical committee of the Shoe Manufacturers' Association would not lack an ample field for effective and valuable work.

An export trade during the past year in boots and shoes valued at between \$5,500,000 and \$6,000,000 is too valuable to be lost without an effort to retain it. As yet, the Canadian boot and shoe manufacturers, with one or two notable exceptions, seem to have given little or no thought to export trade,

largely because they have been too fully occupied with domestic business. Nevertheless, it has been the experience in the United States and elsewhere that the most successful manufacturing businesses are those which regularly set apart ten per cent. or more of their production for export. The export trade has a stabilizing influence and provides an outlet in times of depression in the domestic trade. The shoe manufacturers might well study closely the development of the British Shoe Manufacturers' export plans and their efforts to foster new export markets.

COSTS OF PRODUCTION

It would seem highly desirable that the Canadian boot and shoe manufacturers should have definite information as to costs of production at home and abroad. The United States Tariff Commission has been gathering information of this kind relative to a large number of commodities and such information has been of very real use in connection with problems of the tariff, etc. The manufacturers should have definite information as to wages in the boot and shoe manufacturing industry in Great Britain, the United States, Germany and possibly also in Japan.

Specialization is an important key to low unit costs. There is no doubt that before the war, when the boot and shoe industry had fallen on lean years, lack of specialization and standardization was a serious feature of the situation. Many of the Canadian manufacturing plants were trying to cover practically the whole Dominion with a diversity of lines to meet practically all needs. As a consequence, their overhead expenses were very high. Until recently there has been comparatively little factory specialization in Canadian made boots and shoes, although there is an increasing tendency in this direction. The most successful boot and shoe plants in Canada to-day are those in which the greatest measure of specialization is practiced, but in the case of companies selling directly to the retail trade the temptation is still strong to offer a great variety of lines. The problem of specialization is by no means as simple as some people seem to think. Nevertheless, it is significant that important progress has been made in Great Britain and elsewhere towards specialization and standardization and these developments abroad should be closely watched, with a view to adopting such features as may be suited to conditions in this country.

MODERN COSTINGS METHODS

There is no question that in many boot and shoe manufacturing plants in Canada there is a lack of modern costings practice. This is admittedly a serious weakness in the industry and those thoroughly familiar with boot and shoe manufacturing in Canada state that there are "holes" in the costings

systems even of some of the largest and apparently most successful establishments. Improved costing practice would help to put the entire industry upon a sound and safer business basis, and something might be done to encourage the smaller manufacturers to institute adequate accounting and costings systems. The Ontario boot and shoe group, as a branch of the Canadian Manufacturers' Association, already has considered this problem and ways and means of dealing with it. The movement, however, should not be confined to Ontario, but should be considered by the Dominion organization. Uniformity in costings methods may not be either practicable or desirable. Nevertheless something could be done in this direction. About two years ago the furniture manufacturing industry in Ontario was operating under conditions even worse than those which have obtained in the boot and shoe industry. After studying the situation the Furniture Manufacturers' Association engaged the firm of Clarkson, Gordon and Dilworth to make a thorough financial survey of the industry. As to the value of the report secured from this firm, Mr. W. Cawkell, Secretary of the Association, says:

"In answer to your inquiry I have pleasure in stating that the questionnaire issued by Messrs. Clarkson, Gordon and Dilworth to the Furniture Manufacturers of Ontario, and the resulting report prepared by them in September, 1918, has been of the utmost value to the furniture trade. In the first place it established by a thoroughly reliable and responsible firm what the financial conditions were in the furniture manufacturing industry, and it was the foundation on which we have been able to build up the status of the industry.

"This report showed conditions as they really were, and we were able to get the furniture manufacturers, to see the necessity of instituting a Cost Accounting Department. Moreover, we have been able to use these figures in labor disputes, and it also has enabled us to place full details of our industry before the Board of Commerce; besides which individual manufacturers have found it of great value as a guide in the conducting of their own businesses. There was a lot of labor expended before we were able to get the figures properly compiled and the total cost was around \$800 but it was a splendid investment. I certainly think that any industry of importance would find similar reliable information of very great value.

"By taking concerted action individual manufacturers are relieved of a great deal of the work and burden involved in preparing an individual report, besides which in many instances a general report covering an entire industry is more valuable in determining actual conditions, and is of course of the utmost value should any legislation effecting the industry be contemplated."

PROBLEM OF PERSONNEL

The problem of efficiency in personnel is one of the most vital and urgent in the Canadian industry to-day. It has been said that 95 per cent. of the rejections in Canadian-made army boots and shoes were due to carelessness or inefficiency on the part of operators. Although this statement has not been verified, nevertheless there is need that very careful consideration should be given to the problem of developing and maintaining a supply of expert help. In this respect Canada is, and probably must continue for some time to be, at a disadvantage as

compared with the large shoe centres in the United States. There is a lack in this country of technical schools or other technical training for workers. This problem, too, deserves careful study and investigation of what is being done in the United States and elsewhere in this connection might suggest a possible plan for Canada.

The present survey has been extensive rather than intensive. There is need that it should be followed up by an intensive survey made by the secretarial staff of the Shoe Manufacturers' Association. The staff should have information as to widths, sizes, etc., of shoes made by every member of the Association and much other information relative to the industry as a whole, although without encroaching upon more or less confidential data relative to any particular manufacturing establishment. An information service relative to developments in the boot and shoe industries in other countries might well be established for circulation among the members of the association. Much of this information is readily available in official consular reports, the British Board of Trade Journal and similar publications, yet does not come to the attention of individual manufacturers. Exchange of information could, no doubt, also be arranged with British and Imperial trade organizations. Then, too, an efficient secretarial organization could carefully follow comments in the press in Canada relative to the industry, and could reply, if deemed advisable, in behalf of the industry as a whole in cases of misrepresentation or misstatement. An efficient secretarial organization appears to be absolutely essential.

MADE IN CANADA FOOTWEAR

With two or three exceptions, Canadian manufacturers concede the desirability of some common agreement to indicate that their product is made in Canada by Canadian labor. Under the peculiar conditions which have obtained for many years, it is difficult for individual manufacturers to take such action independently and to risk unfair competition from the products of other Canadian manufacturers sold as imported boots and shoes. The suggestion was made by one manufacturer that the Canadian Government require all boots and shoes sold in Canada to be stamped with the country of origin. It would appear, too, that for some years the boot and shoe industry in Canada has been too much at the mercy of the retail trade. Some action might be considered by which the manufacturer's name, with or without that of the retailer, might appear on Canadian products sold in the retail stores. At the present time, products of many Canadian boot and shoe manufacturing establishments are unknown to the Canadian public. The popularizing of the manufacturers' brands is important, and it seems unfair that a retailer should be able to

build up a reputation and good will on the goods of a particular manufacturer and then switch his order to a rival producer, using the same trade names as before.

In Ontario the labor situation is a particularly difficult one. Apparently output per man is greater in boot and shoe factories in the Province of Quebec than it is in Ontario, and in the upper province it is claimed that more machinery is required to get out a given quantity of shoes than is the case in the Province of Quebec. There is need of closer co-operation and understanding between employers and employees. This has been brought about in some factories but is still lacking in others. The industrial relations problem is, of course, not peculiar to the boot and shoe industry.

Then there is the problem of female help. A shortage of female workers in many of the cities, particularly in Ontario, has caused Ontario manufacturers to establish supplementary plants for stitching, etc., in smaller towns, and in several cases Ontario factories have opened branches in Montreal. This shortage of female labor is also found in many other Canadian industries, particularly in the textile plants in Ontario. It presents a problem, which is really a serious one and which should be carefully canvassed with a view to finding some solution.

SEASONAL IDLENESS

Another problem which demands consideration is that of seasonal idleness. Under

normal conditions leather boot and shoe factories in Canada operate on an average of only 249 days per year. How can the remainder of the period be employed? Would the development of export trade obviate the necessity for seasonal idleness? Factories and equipment are available and overhead expenses would not be largely increased by working full time. If export trade could be secured in sufficient volume to keep the plants in operation for the full year Canadian manufacturers might, with advantage to themselves and to their employes, operate on a smaller margin of profit than on normal domestic trade, inasmuch as on the extra business their overhead expenses are not proportionately increased.

The analysis which has been made in the preceding pages of exports of leather boots and shoes from the United States leaves no reasonable doubt that "dumping" into Canada is practiced even now and the practice may easily assume serious proportions. The problem is not an easy one to handle and it demands most careful study. A gentleman thoroughly familiar with the boot and shoe trade has made this suggestion:

"The only solution we see is that the Minister of Customs should be asked to have qualified shoe men at all important ports of entry to appraise goods coming in, particularly at this time when the leather boot and shoe trade in the United States is under pressure to unload."

Certainly the facts ought to be brought to the attention of the Government with an application for an investigation.

APPENDIX 1

Production in the Canadian Boot and Shoe Industry

The approximate production of the leather boot and shoe factories in Canada, as computed by the United Shoe Machinery Company of Canada, Limited, is as follows:

Canada's estimated production in pairs:—	
1909.....	11,080,000 pairs
1910.....	12,980,000 "
1911.....	13,980,000 "
1912.....	17,300,000 "
1913.....	15,730,000 "
1914.....	13,950,000 "
1915.....	15,390,000 "
1916.....	20,480,000 "
1917.....	15,290,000 "
1918.....	15,000,000 "
1919.....	19,300,000 "

16,000,000

} Includes about 3,000,000 pairs of army shoes.

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**The Census of Industry for 1918 reports the number of pairs of boots and shoes produced in 181 Canadian establishments as 14,087,868.*

In a letter dated May 10, Mr. F. W. Knowlton, Manager of the United Shoe Machinery Company of Canada, gave the company's estimate of production for 1919 and added:

"The year 1919 shows quite a material increase in some of the large factories, the largest one for the year showing an average of approximately 3,600 pairs per day. We would place the number of factories as 153, the same as for the previous year, although quite a number of factories have discontinued business and have been replaced by a like number of new concerns.

"The production per factory per day shows an average of a little over 500 pairs, the total production per day a little over 77,000 pairs, these figures being made up on the basis of 250 days' operation."

APPENDIX 2

To make a comparison of wages in the boot and shoe manufacturing industries at the present time is not easy. Operations, methods of payment, and working conditions differ in many respects. Some general idea of the situation is afforded, however, by the following memoranda supplied by the Employment Service of Canada, Dominion Department of Labor, Ottawa. It will be seen that average wages in the United Kingdom in the week ended January 24, 1920, were only the equivalent of \$11.33 (at par of exchange) per week. If allowance be made for depreciation of English currency the amount will be still lower. Taking 42 weeks as the average working time per year, the wages would average less than \$500, as compared with a present average in Canada very much higher. Comparison of the minimum scale in the United Kingdom with rates in Canada is also instructive:

Boot and Shoe Trade, Great Britain, 1920

(Furnished by the Department of Labor, Ottawa, Canada.)

	Number of Work People. Total Wages Paid to all Work People.	
	Week Ended 24th Jan., 1920.	Week Ended 24th Jan., 1920.
England and Wales:—		
London.....	2,162	5,394
Leicester.....	11,470	29,463
Leicester Country District.....	2,749	6,056
Northampton.....	7,746	19,922
Northampton Country District.....	8,082	18,165
Kettering.....	3,671	9,126
Stafford and District.....	2,781	6,166
Norwich and District.....	4,327	9,190
Bristol and District.....	1,573	3,311
Kingswood.....	1,851	3,312
Leeds and District.....	2,239	5,025
Lancashire (mainly Rossendale Valley).....	4,222	9,755
Birmingham and District.....	878	1,699
Other parts of England and Wales.....	3,238	6,517
England and Wales.....	56,789	133,101
Scotland.....	3,085	6,598
Ireland.....	648	1,205
United Kingdom.....	60,522	140,904

APPENDIX 2—Continued

Minimum Wages Rates, Boot and Shoe Operatives, Great Britain (June, 1919)

(Furnished by the Department of Labor, Ottawa, Canada)

<p>Ireland—Boot and shoe operatives 16 years of age and over:—</p> <p>Males employed in departments other than heel building and stock or shoe rooms.</p> <p>Males employed in heel building departments and in stock and shoe rooms.</p> <p>Females employed in the closing and heel building departments and stock or shoe rooms.</p> <p>Piece-workers.....</p>	<p>Minimum wage for men 23 years—36s. per week.</p> <p>Minimum wage for workers under 23 years—15s. per week at 16 years of age up to 50s. per week at 22 years of age.</p> <p>Minimum wage for men 23 years and over—53s. per week. Minimum wage for workers under 23 years—13s. per week at 16 years of age up to 47s. per week at 22 years of age.</p> <p>Minimum wage for women 20 years and over—30s. per week. Workers under 20 years—12s. per week at 16 years of age up to 24s. per week at 19 years of age.</p> <p>Rates ensure the average worker at least 25 per cent. over the above minimum rate.</p>
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NOTE:—These rates do not apply to the following operations in the closing departments and stock or shoe rooms:—Knot tying, inking, solutioning, repairs and odd jobs, brushing off by hand or machine, loop covering, and trimming ends by hand.

(October, 1919)

Leicester—Clickers, Pressmen, lasters and finishers—minimum of 49½s. per week.
 Rough stuff cutters—Minimum of 46½s. per week.
 Women in closing departments and in boxing or trimming rooms, minimum wage 21s. at 18 years, 22½s. at 19 years, 25½s. or 27s. at 20 years.
 During the war the rate for skilled men increased 87 to 93 per cent.

Copy of Agreement

Boot and Shoe Workers U. No. 136, Brantford, Ontario
 (Furnished by the Department of Labor, Ottawa)

Cutting Dept.

Outside cutters	\$27.00 per week.
Lining cutters	38½c. per hour.
Trimming	27½c. per hour.
Backing	\$12.00 per week.

Stitching Dept.

Skiving	\$16.00 per week.
Checking off	12.00 per week.
Folding	13.50 per week.
Closing	14.50 per week.
Making linings	15.00 per week.
Stitching back stays	13.20 per week.
Stitching foxings	13.20 per week.
Stitching eyelet row	13.20 per week.
Staying	12.00 per week.
Vamping	21.00 per week.
Edge Stitch	15.00 per week.
Fitting	12.00 per week.
Finishing Table	8.00 per week.
Finishing Table	11.00 per week.
Eyeletting	14.00 per week.

Lasting Room

Assembling	45c. per hour.
Assembling	25c. per doz.
Pulling over	50c. per hour.
Pulling over	24c. per doz.
Side Lasting	50c. per hour.
By hand	26c. per doz.

No. 5 Bed Machine.....	50c. per hour.
Picking out lasts	\$13.00 per week.
Trimming toes	33c. per 100 prs.
Stapling	20c. per 100 prs.
Pulling Tacks	30c. per 100 prs.
Welt and Prepare Welts	\$2.00 per 100 prs.
Knocking Tacks	30c. per 100 prs.
Butting off ends	30c. per 100 prs.
Trimming Welts	60½c. per 100 prs.
Beating Welts	30c. per 100 prs.
Filling bottoms	40c. per 100 prs.
Cementing bottoms	11c. per 100 prs.
Laying soles double	75c. per 100 prs.
Laying soles single	60c. per 100 prs.
Cementing soles	12c. per 100 prs.
Rough rounding	\$1.10 per 100 prs.
Open channels	25c. per 100 prs.
Cementing Channels	16½c. per 100 prs.
Laying channels	16½c. per 100 prs.
Goodyear Stitching	\$2.10 per 100 prs.
Levelling	66c. per 100 prs.
1st Fudging	30c. per 100 prs.
Seat nailing	33c. per 100 prs.
Reinforcing	44c. per 100 prs.
Separating Stitches	60c. per 100 prs.
Trimming Seats	20c. per 100 prs.
Heeling, leather	\$1.10 per 100 prs.
Heeling, rubber	\$1.87½ per 100 prs.
Slugging	44c. per 100 prs.
Heel trimming	71½c. per 100 prs.
Heel breasting	35½c. per 100 prs.

Copy of Agreement—Continued

Lasting Room—Continued

Trimming edges.....	\$ 2.25 per 100 pra.
Jointing, "hand".....	50c. per 100 pra.
Jointing, "Mch.".....	49½c. per 100 pra.
2nd Fudging.....	30¼c. per 100 pra.
Ink Heel Seats.....	12c. per 100 pra.
Key Wheeling.....	15c. per 100 pra.
1st Heel Scouring.....	71¼c. per 100 pra.
2nd Heel Scouring.....	40c. per 100 pra.
3rd Heel Scouring.....	38½c. per 100 pra.
Scouring Rubber Edges.....	50c. per 100 pra.
Heel Breast Scouring...	22c. per 100 pra.
Setting Edges.....	\$2.50 per 100 pra.
Brushing Edges.....	11c. per 100 pra.

Bottom Finishing

Finishing Bottoms.....	\$25.00 per week.
Buffing Bottoms.....	20.00 per week.

Finishing Heels.....\$14.00 per week.

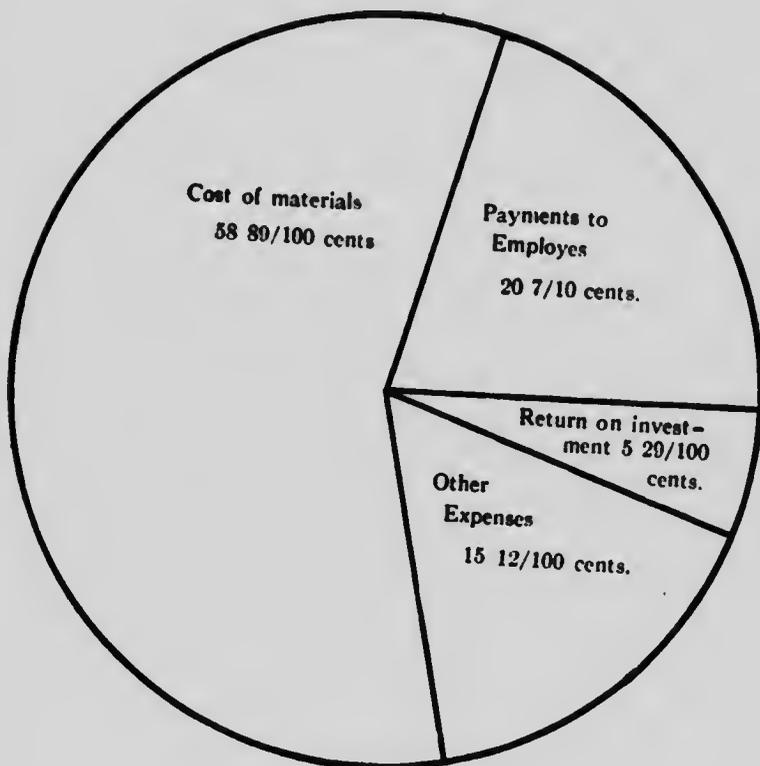
Sole Leather Dept.

A. Ladd.....	\$19.50 per week.
A. Gouinski.....	15.00 per week

Treeing Dept.

Pat. all kinds not dressed	3c. per pr.
Tan all kinds not dressed	3c. per pr.
Gun Metal, Veior Box	
Calf.....	2¼c. per pr.
Dress on tree.....	6c. per doz.
Tan Greased.....	88c. per 60 pra.
Pat. Repairing.....	\$18.15 per week.
Tan Repairing.....	16.50 per week.
Duff Repairing.....	14.00 per week.
Packing Repairing.....	12.00 per week.

How the Shoe Manufacturers' Dollar was distributed in 1918:



The above chart shows the average proportion in which every dollar received by the Boot and Shoe manufacturing companies in Canada in 1918 was distributed.

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